

# Income Insecurity: The Basic Income Alternative

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## **Preface**

This book draws on many traditions: sociology, anthropology, history, moral philosophy, political science, public administration and the human services. It is concerned to present practical suggestions for the future. Whilst recognising that affordability is an important component in the implementation of any policy, this book is not an economic analysis of the Australian income support system. I believe the reason the current Australian system of income support exists, rather than a system embodying an unconditional universal Basic Income, has little to do with economic viability. The current income support system prevails because it is supported by values and ideologies which are held and enforced by the powerful.

This book sets out to examine the nature and manner of delivery of the system of income support available in Australia. It does this by examining the essence of the structure of Australian society. Drawing on the analysis of these structures it attempts to describe the ways in which the ideologies deriving from and underpinning these structures impact upon and shape the system of income support. Then it surveys the impact on less affluent Australians which arise from the way the income support system is constructed.

The concept of 'need' is analysed. The manner in which prevailing ideologies control whilst simultaneously supplying benefits is considered. These two complimentary processes are examined in relation to the types of income support provided to people who are unemployed, live in the country, are Indigenous or who have a disability.

For instance, Australian Government ministers frequently claim that the system of income support 'assist all in need through no fault of their own'. However, when it comes to unemployment benefits not all unemployed people are assisted, not even all poor unemployed people are helped. Unemployed people with few assets and little income can be refused payment on the basis they are deemed 'dependent' on another person (parent or spouse). They might be refused because they have failed to establish they are fit able and available for work. Under the Howard Government unemployed people were not paid until they had met their 'mutual obligation'.

When it comes to disability payments, each applicant has to establish they are unfit or unable to work. Since the Howard Government they must also show if they weren't unfit they would be willing to labour. They too must establish they have limited means and are not dependant on others for financial support.

This book examines what it is in Australian society which has led to the adoption of a complex system of categorical benefits in preference to putting in place a universal benefit system.

This book asserts that the income support system is broke and needs fixing. It further argues that the hegemonic ideas which informed the creation of the Australian welfare state (and the income support system in particular) are an inadequate basis from which to revamp the income support system in the 21<sup>st</sup> Century. It canvasses the history of attempts to introduce generalised income guarantees here and in some overseas countries.

The final Chapter considers alternatives to the existing system of income support concentrating upon the possibilities which a fully universal unconditional Basic Income would provide. If freedom, security and productivity are the desired out comes of a modern welfare state then this book argues that a Basic Income is the most efficient way to achieve it.

# 1

# Introduction

## Introduction - Income Insecurity

From 1908 until the mid 1980s the Australian income support system steadily expanded in terms of its comprehensiveness, amount of expenditure and adequacy of the levels of payment. Since that time the system of income support has been diminished in a number of regards.

Contemporaneously there has been an increase in insecure employment, a widening of the gap between rich and poor, an erosion of the welfare state, an attack on the arbitration award system and an attempt to make working conditions 'more flexible' through individual contracts, expanding casualisation and the proliferation of less than full time employment.

Coupled with this rising uncertainty has been an increasingly unequal distribution of income. Australia is now a less egalitarian society than at any other period of its history (Henderson 1975, Social Welfare Policy Secretariat 1981, Manning 1985, Fincher & Niewenhuysen 1998, Australian Centre for Industrial Relations Research and Training 1999, Ch. 4). Poverty, and particularly child poverty (as measured by the Henderson Poverty Line), is becoming a more widespread phenomena than at any time since the Henderson Poverty Inquiry reported in 1975 (Harding & Szukalska 2000). More than a 800,000 children are being raised in homes where no parent works (Reference Group on Welfare Reform 2000[a], p6).

We are integrated into a world market place. The ideologies which inform that particular form of commodification impact here. Many have attempted to account for welfare service cutbacks and increasingly deregulated industrial conditions in terms of globalisation and 'economic rationalism'. This book will not ignore such explanations but will attempt to look beyond these *imported* impacts in order to provide a more detailed account of what is happening in Australia.

The onslaught of economic fundamentalists and global free traders have no doubt played a role in the creation of modern day Australia; however the policy directions taken in this country have been substantially moulded by the nature of Australian society itself. The features of Australian society which have played a most significant role in determining the course of recent social welfare and industrial history have been:

- the way Australian society is structured,
- the ideologies which lie behind such structures,
- the history of this nation,
- the history of ideas, and
- developing hegemonic ideas.

All of these features arose out of and are enmeshed in the material conditions prevailing at specific times in our past. They continue either as residues or as dominant components in current policies and attitudes.

The structural features which determine the *shape* of social life in Australia especially gender, age and class have been extensively canvassed. This analysis will draw on that body of knowledge but will concentrate upon race, locality and the way people with disabilities are treated.

At the very time when Australia is economically more successful than at any other period of its post invasion history, more and more Australians are experiencing greater personal income

insecurity. I suggest that increasing income insecurity is the least socially optimal and only one of a smorgasbord of options from which Australians might choose. The aim of this book is to outline an alternative approach to the provision of income maintenance in this country - that of a universal basic income.

### **Purpose of book.**

There are many connections between employment and income support in Australia and this has been so since the first decade following Federation. The recent decreases in income support entitlements are linked with broader cutbacks in the social wage, and attacks on award provisions and the system of Arbitration.

The increasing insecurity experienced by those in paid employment is matched by the increasing uncertainty of people who are excluded from the labour market as to whether they will be granted or denied access to income support payments. Despite this growing insecurity for waged and unwaged citizens, governments of all persuasions have been able to maintain in the public mind a division between 'work' and 'welfare'. By dividing the working class along such lines, governments have succeeded in forestalling working class solidarity. Even while the Hawke Labor Government, through its Accord with the Australian Council of Trade Unions (ACTU), was convincing unions to trade off wages for increments in the social wage, it was reinforcing the divide between those in work and those on welfare. This was particularly so after Senator Don Grimes relinquished the Social Security portfolio. Ministers attempted to present their policies in a way that distinguished between:

- productive/unproductive citizens,
- active/nonactive labour market participants,
- 'self funded retirees'/pensioners
- 'dependent'/non-dependent recipients of income support, and
- workers/'dole bludgers'.

The division between workers and welfare recipients is becoming more and more tenuous. Security of employment is decreasing for many. Government payments in respect of children (of workers and non-workers) are being made to the majority of families. From 1941 until mid way through Hawke's term in office Child Endowment was paid to all families with children under the age of 16 years. The social wage continues to be an important part of most Australians' well being.

The post 1985 period has seen an unprecedented push towards private as opposed to public provision of income support, education and more recently health. Pushing Australian workers into compulsory privatised superannuation led to creation of the myth of the 'self funded retiree' as the saviour of an Australia in which non-productive older citizens were shortly to reach plague proportions. Such myths fly in the face of statistics, commonsense and decent policy analysis (Lateline, 6/7/1999, McCallum & Geiseshart 1996, Spillman & Lubitz 2000).

From the mid 1980s governments have set out to refurbish industrial and income support systems allegedly in order to better equip Australia to cope with the pressures they perceived as arising from the global market place. Keating's(1986) 'Banana Republic' interview in which he warned

that unless the labour market was freed up the national economy would collapse and Howard's (1999) Australia Unlimited Roundtable speech in which he detailed the philosophical underpinnings of his economic liberalist and social conservatism doctrines are but two examples.

Often the rationale provided for retaining or removing particular payments are at odds with what actually occurs. In recent times, particularly with regard to the contraction or cancellation of particular benefits, the rationale given, for example 'promotion of equity', bares little relationship to outcomes for beneficiaries and is often in conflict with the stated ideological base of powerful ministers. Three examples of this are the amalgamation of the Aboriginal Benefit Study Scheme (Abstudy into Austudy); the Common Youth Allowance which resulted in the diminution or cancellation of payments to 46,000 18 to 20 year olds (Horin,1998, p.10); increased waiting times, firstly for 6 months now 2 years, for migrants applying for social security have been justified as promoting equity between Indigenous and non-Indigenous Australians, encouraging the young to remain in education and ensuring the young and newly arrived Australians exhibit their 'mutual responsibility' to this nation. There have been explicit denials that such policies are driven by patriarchy, racism or ageism.

Professor Francis Castles in 1985, and again in 1994, described the welfare system in Australia as a 'workers welfare state' by which he meant that it was a welfare system which acknowledged the reliance by most Australians on 'work' rather than on 'welfare' in their attempts to escape poverty. He also alluded to the range of eligibility requirements for social welfare benefits which demand a prior connection with the labour market or a preparedness to take work if available. He was also pointing to the importance of the Arbitration Commission as an instrument by which the wellbeing of many workers and their families was safeguarded. More recently he noted a significant, gradual but relentless diminution in the entitlement of citizens to access a base level of income support has marked the period since the mid-1980s (Castles 2001 pp. 29-31).

The Harvester Judgement in 1907 established a basic wage (a form of minimum wage) which guaranteed a salary for men sufficient to maintain 'a man, a wife and three children'. Since then white Australian working men have had a degree of wage protection. The Arbitration Commission took another 60 years to extend to women and Indigenous workers the concept of equal pay for equal work. In practice, because of the gender segmented nature of employment Australian women still, on average, receive lower wages than men (ABS 2000. *Cat 6302.0*, ABS 2000 *Cat 6304.0*).

The extension of equal pay provisions to Indigenous workers, begun in 1967, is not complete mainly because of the heavy reliance on the Community Development Employment Program (CDEP). In the mid 1970s the CDEP scheme replaced training allowances paid on missions and settlements and continues to exist in Indigenous communities. It is a form of 'working for the dole'. The Arbitration Commissions 1967 judgement was hedged around with slow worker provisions designed to placate the pastoral industry in particular. The decision to grant equal pay was not a unilateral blessing. It resulted in many pastoralists in the Northern Territory and Western Australia sacking and then evicting from cattle stations thousands of Indigenous workers whose families had worked in the industry for generations as a way of maintaining a link with their traditional lands. Howard's ten point plan amendments to the Native Title



legislation, in the wake of the High Court's Wik decision has allowed pastoralists to seek to deny native title rights to the descendants of these station hands on the basis that their connection with their traditional land is discontinuous.

The features which structure Australian society are class, gender, race, age, locality and the manner in which we treat those who experience disability. The political ideologies which underpin Australian governments are predominately an amalgam conservative, liberal and social democracy. The Australian welfare state is as influenced by these structural features and associated prevailing political ideologies as much as any other sector of Australian society.

Because Australian politicians frequently claim the welfare system has been set up in order to assist 'all who find themselves in need through no fault of their own' the way in which 'need' is interpreted by those who construct the system of income support is thoroughly examined in Chapter 2. The analysis of 'need' inexorably leads, in Chapter 3, to an investigation of the impact political ideologies have had in shaping the system of income support in Australia. The analysis in these chapters is then applied to an examination of the impact of the existing income support system on:

those experiencing unemployment,  
people living in non-urban locations,  
citizens of Aboriginal and Torres Strait Islander descent, and  
people living with a disability.

Chapter 8 of the book contends that it is a lack of trust of fellow permanent residents of this country which underpins the determination to maintain the existing categorical system of income support. Chapter 9 is devoted to an examination of the history of efforts to introduce generalised income guarantees in Britain the United States of America and Australia. The final Chapter considers alternatives to the existing system of income support concentrating upon the possibilities which a fully universal unconditional Basic Income would provide. It is argued that the introduction of an unconditional universal Basic Income would enhance citizenship and boost productivity.

The absence of security of income, whether that income is derived from one's own exertion, from the State, or on the basis of one's relationship with another, creates problems for the individual and for society. The overwhelming majority of Australian permanent residents of working age derive the bulk of their income from employment. Increasingly many workers are having their income topped up through government social welfare provisions and those 'self funded' retirees (whose income exceeds the means/assets limits for the pension) receive substantial tax concessions. The welfare state is undergoing a significant change. However, despite the best endeavours of those who would abolish it, it continues to exist. In the face of increasing income uncertainty some form of welfare state has the potential to become even more important in 21<sup>st</sup> century Australia than it has been during the last 100 years.

This book reflects upon the history of income maintenance. Comparisons will be made between what is happening in Australia with parallel developments in other parts of the world. It will outline and advocate the introduction of an alternative system of income support - namely a Universal Basic Income. Such a system would provide each Australian adult permanent resident,

irrespective of their income or assets, with a guaranteed minimum income at about the level of the single age pension rate. This payment would have no eligibility restrictions beyond the requirement to establish the applicant is a permanent resident. There may need to be a separate rate struck for children, but any child not in the custody of at least one of his or her natural or adoptive parents would receive the adult rate. The payment would be made to each individual irrespective of whether they live alone, with a partner, with children or in any other form of relationship.

The introduction of an unconditional Basic Income would increase feelings of security among waged and unwaged residents because it would ensure an income safety net through which no permanent resident would fall.

The concept of a Basic Income may be new to many Australians but is one which is widely discussed in continental Europe, Canada and New Zealand. A not dissimilar concept - that of a Guaranteed Minimum Income - was recommended by the Henderson Poverty Inquiry in its main report in 1975. Every Labor Minister from Hayden (1975) to Baldwin (1995) is on record as supporting the introduction of a Guaranteed Minimum Income in principle. Various income guarantee schemes have been promoted since at least 1795 with the Speenhamland in England (Polanyi 1945). Even the doyen of economic fundamentalism, Milton Friedman (1962) suggested the United States of America adopt a form of income guarantee - Negative Income Tax. Legislation to introduce such a form of income guarantee was passed in the House of Representatives only to be rejected in the Senate during the Nixon Administration (Moynihan 1973 p. 3).

The idea of a modern Basic Income is different from that of the basic wage. A Basic Income is paid by the State as a right of citizenship/residence. A basic wage is paid by the employer for work undertaken. There is at least an historical echo between a basic wage and income guarantee concepts. The Speenhamland Scheme of 1795 guaranteed farm labourers sufficient grain to feed their families irrespective of the farm owners capacity to pay for work done. There the parish picked up the tab. Under a basic wage the boss had to pay the worker but the Arbitration Court set the rate.

In the Australian and British context the Speenhamland experiment is important because it came to have important negative consequences for workers who found the minimum rate set by the Speenhamland magistrates became the going rate of payment for the majority of farm labourers (Polanyi 1945, pp.99-107). Since the 1834 Poor Laws in Britain and in Australia since Federation a firm rhetorical distinction has been made between 'work' and 'welfare'.

In reality the differentiation between welfare and work has not always been so clear cut. The various make work (Susso programs) of the 1930s depression, Whitlam's Regional Employment Development scheme (RED), the Community Development Employment Program (CDEP), and the Howard Government's 'Work for the Dole' programs all confuse the work/welfare distinction. All of these schemes have elements of 'reciprocal obligation' or 'mutual obligation'. The major distinction between these two like sounding terms is that in relation to 'reciprocal obligation' the State accepts some responsibility to assist the individual to obtain employment. In the case of *Working Nation* (Australian Government 1994) the State belatedly became an

employer of last resort, albeit for a limited period. With 'mutual obligation' just paying the income support seems to be the major contribution the unemployed can expect from the State.

Implicit and explicit in such programs as 'Work for the Dole' is the imperative of less eligibility. The concept of 'less eligibility' has been a remarkably tenacious idea in English speaking countries. Its lineage reaches back into the middle ages and probably to the time when clans came together to create larger permanent social formations. Since the 17<sup>th</sup> century, in England, it has meant the level of assistance provided through relief must be less than the amount which can be obtained through work. The recurring themes of work incentives, poverty traps, restricting benefit levels and prolonging the duration of 'dependency' are present day examples of the less eligibility debate. Little has changed in such debates since the early part of the 19<sup>th</sup> century. Except now, in an attempt appear 'scientific', elaborate econometric models, with their embedded conservative assumptions, are coupled with a vast array of aggregated labour market statistics in order to "draw a mathematically precise line from an unwarranted assumption to a foregone conclusion." (anon. cited in Bowles 1993 p.64). The ideological nature of these assumptions will be examined in Chapter 3.

Associated with the distinction between work and welfare and deriving out of the Elizabethan Poor Law's determination to insist that 'less eligibility' should drive the system of welfare distribution, has been the concept of the 'worthy' and the 'unworthy'. This distinction sees the 'worthy' as people who *can't* work and the 'unworthy' as people who *won't*.

The worthy person must establish they are unable to work 'through no fault of their own'. Of course, *fault* like *beauty*, is in the eye of the beholder. Migrants who arrived after the Labor Government passed laws which delayed their entitlement to social welfare for six months - later extended by the Howard Government to two years- are clearly at fault, presumably they should have arrived earlier.

It is possible to hear Australian politicians justifying the confusing and inadequate array of income support and social wage provisions on the basis that they assist 'all in need through no fault of their own'. They support the current partial patchwork of limited and targeted benefits on the basis that they 'target the needy not the greedy' (Shanahan 2000 p. 1).

The effect, if not the intent, of targeted income support programs is the maintenance of the Poor Law distinction between the deserving and undeserving poor. Such a distinction is then used to 'justify' the State's failure to ensure all permanent residents without other means are provided with at least modest levels of income support. The continuance of the work/welfare divide, dependency rhetoric and the use of a generally unspecified concept of 'need' are added to these left over vestiges of the Poor Law. This results in a mystification which has so far in Australia prevented the citizenry from demanding at a minimum a fully comprehensive income support safety net for all permanent residents.

This book intends to lay bare such features of Australian society as will allow readers to see the disadvantages of the present categorical system of income support, to gain an understanding of alternative ways of conceiving of the needs of fellow Australians and to set out an argument in support of a Basic Income as a way of increasing the income security of all permanent residents.

On the way obstacles, both pragmatic and ideological, to the introduction of Basic Income will be examined.

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**2**

# **Need, Benefit and Control**

## 'Need', benefit and control.

The morning after the release of the interim report of Senator Jocelyn Newman's Reference Group on Welfare Reform (2000 [a]) Prime Minister Howard said "People want the needy looked after but they don't want an explosion in welfare spending." (P&NB 29/3/2000. 9 am News). Patrick McClure, CEO of Mission Australia and the head of the Reference Group, in an interview on *Life Matters* a few minutes later was asked about sanctions that might apply to income support applicants if they did not 'participate' in the Government's plans to extend mutual obligations provisions applying to unemployed people to single parents and disability pensioners claimed that there was only one reference to sanctions in the 75 page report. This comment was presumably made in an attempt to assure a frightened recipient population they were not about to lose their benefits. Those *Life Matters* listeners who had watched the *7.30 Report* two days previously would have put McClure's comments alongside the fact that in the previous 12 months Centrelink had issued 200,000 notices of breach to social security recipients in the previous year. Anyone who bothered to read the Reference Group's interim report would have found scattered throughout pages 51-61 references to "compelled participation", "requirements to participate", "sanctions...to ensure compliance", "explicit direction", ruling out "open choice" in relation to how people participated and to "mutual obligation".

McClure claimed the idea of extending mutual obligation through participation arose from the Reform Group's review of New Zealand's income support system and of Tony Blair's labour market initiatives. This ignores the fact that in New Zealand the Clarke Labour Alliance Government, supported by the Greens, announced shortly after gaining office its intention to revisit in 2000 the entire National Party Government 'compelled activity' programs for income support recipients. On the 9<sup>th</sup> March the relevant New Zealand Minister, Steve Maharey ended work-testing for people on invalids benefits. He says the evaluation of the trial held last year showed the policy was 'completely useless'. He says that people with disabilities want to work and he prefers to put money into positive programmes that remove barriers to their employment (*The Jobs Letter* 27<sup>th</sup> March, 2000, p.3).

The Blair Government acknowledged its indebtedness to the Keating Government's *Working Nation* document (1994), in relation to unemployed beneficiaries there has, since the 1947 Social Security legislation, been a work testing eligibility requirement, and work relief programs (the Susso) during the 1930's demanded actual work for sustenance prior to the supply of unemployment relief. The Howard Government's 'work for the dole' program is a latter day Susso scheme.

The recent history of 'compelled activity' in relation to income support in Australia reveals that preoccupation with 'activity / participation' was very much a part of the previous Labor Government's approach to unemployed people. Professor Bettina Cass (1986, Chs. 2 & 6) in the mid to late 1980s headed the Review of Social Security which recommended in a number of reports (Cass, Gibson & Tito 1986, Cass 1988) that the Department should insist applicants for unemployment benefits engage in some form of 'approved activity'. Cass claimed in a number of consultations she undertook that such 'activity testing' was designed to assist those most marginal to the labour market retain their benefit. Cass argued that in times of high unemployment the most marginal were likely to fail a strict application of the 'work test'. Some present at these

consultations in Melbourne and Perth argued that, in the absence of universal income guarantees, compelling activity could be potentially detrimental to the interests of the most vulnerable.

In Cass' defence it should be noted that she was privy to much of the thinking that went on inside Brian Howe's, the then Minister of Social Security, Office. At the time he was in the process of articulating Labor's social justice principles of:

- Equity,
- Access,
- Equality of rights, and
- Participation.

These social justice principles came to be issued as part of the Budget Papers with the imprimatur of the Prime Minister (Keating & Howe 1992) and as a consequence came to be widely interpreted, at least in normative terms, as:

- the right to participate,
- right to have equitable access, and
- to enjoy equality of rights.

Throughout the nineties social welfare advocates relied on such principles to assert clients' right to participate in a range of decisions which affected their lives. The release of the Reference Group on Welfare Reform Interim Report heralds the metamorphosis of *participation as a social right* into *participation as obligation*.

In part this book sets out to explain changes to income support which have occurred over the last three decades. Mike Steketee, *The Australian's* National Affairs Editor, writing about the Reference Group on Welfare Reform Interim Report, noted "The Government is shifting the philosophy behind welfare from that of an entitlement to a privilege, and increasingly one that has to be earned." (29<sup>th</sup> March, 2000, p.13). In this same article he wrote:

Largely unnoticed and without setting off political alarms, John Howard has moved substantially in the direction of reform of welfare policy. In the mid-1980s, his preaching of welfare privatisation was written off as radical conservative rhetoric. Now large slabs of the welfare dollar are being delivered by the private sector and church and other non-profit agencies (p.13).

## **God on our side**

The establishment of the CES (Commonwealth Employment Service) was announced in the 1945 *White paper on Full Employment*. (Australian Government 1994 p.131). Its role as a job finding agency for the unemployed soon expanded to include regulating the unemployed through the application of the work test.

Governments from Whitlam on had involved the 'not for profit' sector in job training, job finding, and community work activities. The Hawke / Keating Government expanded the 'not for profit' sector's role through Skill Share and the Job Network.

In 1996 the Howard Government began moves to corporatise the CES and it became Employment National. There had always been private job agencies who concentrated their efforts towards the top end of the job market. The Howard Government opened up the publicly



funded employment finding and job readying market to competition from both 'for profit' and 'not for profit' agencies. Employment National had to compete for what until then had been a virtual government monopoly.

The contracts let in the first round resulted in about 40% of the old CES clients staying with the government owned *Employment National*. For the Year 2000 round this was reduced to 1%. In the first round of contracts 'for profit' companies got the lion's share of clients and money. But by early 2000 the largest job agency in the Job Network was the Salvation Army's *Employment Plus*. Closely followed by the Anglicans' *Mission Australia*. The Catholic and United Churches also have been awarded a significant stake in the carve up. These Christian churches also have extensive investment in nursing homes, hostels, schools, child care, disability and other social welfare agencies.

Johnathan Singer (2000, p.12) revealed these churches are demanding new employees have a Christian commitment (Religion Report [a] 26/4/2000). Australian welfare services are being returned to the pre-Whitlam period where conservative church agencies dominated much of the charity, emergency relief and service delivery. They did it on the cheap and the results they produced are revealed in reports of the

- Human Rights and Equal Opportunity Commission's 1997 report into the stolen generations entitled *Bringing them home*,
- the abuse at Neerkol and other orphanages. (Forde 1999)
- forced adoptions,
- the brutal treatment of unmarried mothers, intending to adopt, who were not allowed to see their babies in many Salvation Army and other church run maternity units,
- the incarceration of young women who were sexually abused by their fathers on the grounds that they were in 'moral danger', and
- the pitifully small contribution churches were able or willing to make to the alleviation of poverty.

The dismantling of the CES is now complete. If all that had happened was that one agency of government with its contradictory roles had been replaced by an improved bureaucracy there would be little concern. However, what is occurring is a major onslaught upon the secular welfare state.

The reinforcement of 'Christian' attitudes amongst employees of these agencies has the potential to produce the next round of silent, compliant accomplices to the denigration of those most marginal to the interests of government. Since the mid-1970s abused clients were likely to find advocates amongst secular human services workers, union delegates and other officials of good will who used to be able to rely on due process, natural justice, whistle blower legislation, public service regulations and union protection. The presence of government officers in institutional settings does not guarantee an absence of abuse. Reviews conducted in all States and Territories of Australia of prisons, watch houses, large State run mental hospitals and children's homes attest to that (Fitzgerald 1989, Forde 1999, Royal Commission into Aboriginal Deaths in Custody 1991, Human Rights and Equal Opportunity Commission 1997). Such an analysis has recently found support amongst right wing critics of churches involvement in the Howard Government's contract regime (The Religion Report [b] 23/8/2000, Gregg 2000). Though freedom of

information legislation and other tools in the armory of those who wish to safeguard clients or expose abuses at the hands of the State are regularly watered down, they are more apparent in State run rather than in private institutions.

There is another not dissociated feature in the debate about silencing potential critics of abuse of clients of such services once they are contracted out to major church bodies. At times, it was workers from church run agencies who blew the whistle on abuses occurring in government run services. Once services are handed over to churches this limits their workers adopting the roles of outside critic (Gregg 2000). Some church leaders in the past have played important roles as advocates for improved government services (Religion Report 20/4/2000). Perhaps the feature of this change in service provider which in the longer term will be most limiting is that clients of such services will be prepared to settle for poorer quality of service because it is provided by a church run rather than being a government service.

Whilst there have been times in Australia when church run welfare agencies have provided real leadership in income support debates, such situations are rare. The most notable example of leadership occurred in the mid-1970s at the Brotherhood of St Lawrence under the leadership of Connie Benn (1981, Liffman 1978). Church welfare agencies have a tendency towards conservative social values and when conservative governments increasingly insist that the 'not for profit' sector looks to business philanthropy as a major source of its income this exacerbates such tendencies.

The Liberal Prime Minister's determination to foist onto Australian people his social conservative agenda was an underlying theme in the Reference Group on Welfare Reform Interim Report. From page 47 to 51 the report deals with Howard's *social coalition* in terms similar to those Howard used in his 12<sup>th</sup> January 2000 article in *The Australian*:

Put simply, it describes a partnership of individuals families, business, government, welfare and charitable organisations each contributing their unique resources and expertise to tackle disadvantage at its source (p.11).

In this article he also wrote, "Most of all, the social coalition is firmly rooted in notions of mutual obligation" (p.11). The Reference Group on Welfare Reform Interim Report discusses 'mutual obligation' from page 51.

Howard makes no bones about the Government's attempt to promote conservative social policy administered by the churches operating in close association with business. On 4<sup>th</sup> May 1999 in his Australia Unlimited Roundtable speech he said:

The values and priorities we bring to social policy provide important 'points of anchorage' in a period of rapid and ongoing economic change.

Economic policy liberalisation and modern conservatism in social policy share important common values and objectives. ...

Both recognise the role of markets and of government....

Both reject the controls of the corporate state over people's lives.

Both promote opportunity, incentive and responsibility over dependence and welfarism.

And both support the full realisation of individual potential as well as the reality of social obligation. (pp.3-4).

## **Conservatives have always been with us**

The avalanche of conservative social policy which followed in the wake of the election of the Howard Government accentuates the conservative ideologies which have underpinned the system of income support since the earliest days of Australian colonisation. The essence of that system was *'less eligibility', discouraging the unworthy, assisting those 'in need' through no fault of their own*, that is *targeting the needy not the greedy*.

In an interesting paper given at the 6<sup>th</sup>. National Conference on Unemployment Ed Carson contends that theoretically

the most important intellectual challenge of the new right comes from its neo-liberal rather than its neo-conservative wing...for neo-liberals, the major issue lay in the relationship between the market economy and representative democracy, for neo-conservatives the major concern was declining public authority and social control (1999 p.1).

Carson sees the new right's social agenda relying upon a form of social authoritarianism which has allowed neo-conservatives to link the need for tough law and order policies with welfare cutbacks.

Whereas, on the one hand, crime is linked with dependency and lack of individual initiative when there is a need to justify welfare cuts, on the other hand, crime is also portrayed as fluctuating due to individual pathology and unfathomable evils, with the only way to control it being increased expenditure on repressive measures (p.3).

The mystification inherent in this contradiction constrains many of the debates about appropriate welfare services in this country. Failure to acknowledge that the welfare state has a dual role of containment and support limits understanding of the function of welfare services. This insight is not new as will be seen from the remainder of this chapter many leading Marxist and feminist social policy writers of the 1970s and 80s addressed this very issue.

## **The twin issues of 'need' and control**

A recurring theme in discussions about the welfare system in Western democracies is that of the relationship between 'need' and control. Marxists and feminists express considerable concern about the amount of control which is exerted over beneficiaries. This issue is also raised when dealing with the role of the family in social policy and in relation to categorical benefits versus income guarantees. Conservatives, and to a lesser extent classical liberals, see the control functions of the welfare system as a benefit in so far as they help assure stability, conformity, and maintain traditional relationships. Such control functions become apparent when the methods used to determine 'need' are examined.

## **The 'needs based' approach to welfare**

The 'needs based' approach has been a central component of welfare relief since before the Elizabethan poor law system was introduced (Polanyi 1945). The concept of 'less eligibility' which lies at the heart of the method of determining who shall be assisted and who shall be refused can be identified in the Speenhamland system's restriction of assistance to labouring families. The various charity systems which operated in English parishes (prior to the

Elizabethan Poor Law) only assisted the worthy, leaving those considered undeserving to die at the cross roads. The process of determining whose behaviour and circumstances warranted relief allowed the parish, and later the state, to exert controls on behaviour through the distribution of largesse.

'Needs based' welfare programs are those in which the agency provides minimal clarification of its eligibility requirements. Agency pronouncements can be as general as 'we will assist people in need' without setting out under what conditions and at what rate, an approach allowing frontline welfare workers or their immediate superiors enormous discretionary power.

Such a 'needs based' approach is claimed, by its supporters, to be the most cost effective method of removing poverty. It contains a number of technical assumptions and is grounded in an ideological network in which the residual definition of welfare is paramount. The assumptions on which such assertions are founded are:

- those 'in need' can be identified,
- 'need' can be understood and satisfied,
- take-up by 'the needy' will be near total,
- the greedy will be prevented from receiving benefits, and
- the impact of processes such as stigmatisation are not socially costly.

These assumptions have drawn serious criticism from a range of writers on the left, from social democrats to Marxists, all of whom have pointed to the lack of empirical support for such assumptions. Despite this 'needs based' policies continue to have a strong influence on welfare practice.

The desire to assist all those 'in need' is in effect a determination to refuse assistance to all those whose circumstances do not fit into some societally approved, arbitrarily defined (albeit undeclared and somewhat flexible) set of rules.

It is possible to define 'need' to mean purely financial need and to clearly specify what constitutes financial need in relation to some arbitrary level such as Professor Henderson's Poverty Line (Henderson 1975, Social Welfare Policy Secretariat 1981, Manning 1985, Fincher & Niewenhuysen 1998). In such circumstances it would be a simple task to specify levels of financial assistance considered appropriate to satisfy such need.

Current practices in welfare departments have for many years allowed inordinate discretion to people who determine whether to assist and what level of assistance to provide: these procedures are still justified as a way of ensuring that the Department will be able to address the needs of individuals in the most appropriate manner. Griffiths (1975) did not mince words when he declared "Discretion as it applies to the present provision of emergency relief is a euphemism for discrimination (p.27)". Even many statutory income maintenance provisions are dependent upon the assessor determining the 'need' cum worthiness of the applicant.

Even when eligibility requirements and rates of assistance are specified, as they are in Social Security payments, it is still possible to create situations where the discretionary powers of officials are substantial. This was apparent in the so-called 'dole bludger' campaign orchestrated

through the press by conservative forces aimed to limit the number of out of work people who would apply for and/or obtain unemployment benefits (Windschuttle 1981).

Despite claims made by Centrelink personnel that they rely on Federal legislation and regulations, the general rule of law and legal precedents; for many years officers of that Department have refused to interpret the cohabitation rule in line with the Administrative Appeals Tribunal rulings, preferring to stay with the old Departmental instructions which are more moralistic in tone and application.

### **'Need' - a non explanation**

The generally nebulous nature of 'needs based assistance' coupled with the obvious difficulty encountered by expert committees in coming to an adequate definition of 'need' raises the question why the concept of 'need' continues to be used to explain agencies' everyday actions in assisting their clients. Oliver (1996 p.67) argues that "the concept of need is essential to social control by the State". There is a conscious reliance by service providers on the concept of 'need' so as to mystify the restrictive nature of the assistance provided. The reasons why this happens probably differ between administrators and human service workers: administrators may seek to limit expenditure, human service workers may wish to extend professional power over both their clients and the junior administrative levels in agencies.

Clearly expressing eligibility for assistance in such nebulous terms as 'being in need' allows agencies to avoid publicising just how restrictive their assistance is. Agencies know that the more precisely they specify their eligibility requirements the greater will be the take-up rate by eligible people. If people do not know their entitlements they are less likely to attempt to enforce their rights and will be more likely to see whatever assistance they are given as reasonable (Mishra 1981, p.37, George & Wilding 1976, p.124).

Stigma is what many agencies rely on to ensure they see only the most 'needy'. It is the most determined rather than the most financially 'needy' who are advantaged by 'needs based' welfare programs.

Take-up rate of benefits could be raised by increasing efforts to inform potential clients of their eligibility, and making the eligibility requirements and ways of applying for benefits simple; through removing stigma; by presentation of the benefit as a right rather than as a privilege; by making eligibility dependent upon financial rather than social considerations; and also by defining eligibility in general rather than specific categories (Taylor-Gooby & Dale 1981 p.32, Cass 1985, Le Grand 1982, Goodin 1992, Boston & St John 1998). When governments stop talking about *rights* preferring to speak about *obligations* (Howard 2000) the stigma associated with receipt of welfare benefits is increased. The widespread use of 'dependency rhetoric' since 1986, accentuated during the Prime Ministership of John Howard (1999), further devalues social security recipients.

Generalised statements about helping 'the most needy' ensure that not all of those who would meet that definition (in financial terms) apply for assistance. Failure to specify exactly what services are provided and on what terms allows agencies to avoid admitting the restrictive nature

of the services provided. Further, the power of the workers in welfare agencies in relation to clients is increased if the clients are not certain what their actual entitlements are.

In 'needs based' welfare programs

- judgemental aspects of eligibility determination,
- disregard of common or shared features between clients, and
- excessive concentration on individual differences (often of an inconsequential nature)

reveal clearly how determination of 'need' is used to restrict service delivery. Although it is often not as obvious, eligibility determination in categorical programs, such as those designed to assist lone parents or people with disabilities rely heavily upon judgements made about personal attributes. Such a process differs markedly from guaranteed minimum income programs where only a person's financial and residential status is examined. In unconditional Basic Income schemes the only entitlement which is tested is a person's citizenship / residency.

### **Whose needs?**

Spokespersons for the welfare industry, when they reflect on the motivations of staff, speak in terms of their 'altruism' as they go about the task of satisfying the 'needs' of their clients. Not all observers of the way human service workers behave see it in these terms. McKnight (1977) has put the relationship that exists between professional and client as follows:

Removing the mask of love shows us the face of servicers who need income, and an economic system that needs growth. Within this framework, the client is less a person in need than a person who is needed. In business terms, the client is less the consumer than the raw material for the servicing system. In management terms, the client becomes both the output and the input. His essential function is to meet the needs of servicers, the servicing system and the national economy. The central political issue becomes the servicers' capacity to manufacture needs in order to expand the economy of the servicing system (p.74).

### **Benefit and control**

For the same reasons that most Marxist sociologists (Corrigan and Leonard 1979, pp.104-105) reject the notion that the state is simply the Committee of the Bourgeoisie, I discard the suggestion that service providers are simply agents of social control (that is, they are the Welfare Committee of the Bourgeoisie). Many of the people working in social welfare agencies are genuinely trying to liberate people and provide them with benefits. Such people are often articulate exponents of liberal or socialist philosophical positions and are committed to limiting the excesses of the state and of capital. For example, the workers in some women's refuges around Australia are engaged in a constant battle to counter patriarchal control of women's lives and the workers in Aboriginal and Torres Strait Islander run agencies are engaged in a daily struggle against racism.

On the other hand, the intimate connection between welfare personnel and the bourgeoisie or the petty bourgeoisie cannot be overlooked. There are many aspects of decision making occurring in welfare agencies which are clear expressions of their role as agents of capital. Such relations of

production are reinforced in welfare regimes organised around Howard's (2000) *social coalition* principles.

The majority of Marxist and socialist commentators argue that social welfare provisions are the result of the struggle of the working class (or some particular segment of it) with either capital or the State. The main thrust of such pronouncements is that the State, in a quasi-Bismarckian style, grants concessions to head off protest and to aid production. The ruling class is seen as benefiting through increased legitimisation; for the working class and welfare recipients in particular the question is one of benefit versus control.

Drawing on both socialist and Marxist reasoning, I suggest that the delivery of social welfare benefits allows the State to control beneficiaries and, in the short term, limits the capacity of the working class to demand a fair distribution of surplus value. This is particularly so when governments move to atomise workers through individual contracts whilst simultaneously attempting to fracture the solidarity of the reserve army of labour by attaching participation requirements thereby increasing uncertainty in the minds of the jobless.

There are writers, such as Pemberton (1982) who suggest that it is unlikely that the 'control' thesis can be maintained because

In Australia social work and welfare is mainly about assistance to the elderly, the handicapped, widows, and war veterans; to that extent the radicals' 'control' thesis simply seems irrelevant. For instance, why do the elderly need 'controlling' by welfare? This has not been made clear in the radical analysis of welfare. And, if the elderly (or widows, or single parents, or the disabled) have been controlled by welfare, what were they doing (or were likely to do) to necessitate such 'control'? Answers to these questions must be forthcoming if the radical critique is to be salvaged even in modified form. Where the control thesis might be thought to be appropriate, in the case of the unemployed, we have seen that strong counter argument and counter evidence exists (p.34).

Pemberton himself has not always held such views. For instance, in 1971 he wrote

Social workers play a crucial part in the management of systemic conflict by alleviating the more severe effects of the unequal distribution of economic resources and political power that exist under capitalism. They are among the 'technicians of consent'; the range of understanders, adjusters and instructors, from the industrial psychologist through to the primary school teacher, who defuse the discontented and 'train' the potentially rebellious (Pemberton & Locke, 1971, p.101).

The payment of welfare benefits may not be necessary to prevent an uprising by citizens, but in a country where federal elections have been held on average every couple of years, citizens do not need to mount the barricades. They can bring down a government with a pencil in a voting booth. Any government wishing to stay in power has to ensure it does not alienate its citizens - maintenance of their support is a form of control (Althusser 1977).

### **The control process**

Apart from feminists, the most articulate exponents of the control thesis have been Marxists or socialists. Writers of these persuasions see the welfare system as an integral part of the capitalist mode of production, not an appendage 'one step removed from' the productive aspects of that mode. They see the welfare system as the means by which the working class obtains concessions from capital - via the State (Gough 1979, pp.58-59), - and the way the State ensures for capital, the reproduction of the working class (McIntosh 1979, Mishra 1981, p.82). Such writers see the welfare system as the method both of distributing the social wage and of ensuring internal peace in society.

George and Wilding (1984) in *The Impact of Social Policy* consider the basic components of the welfare system which the state utilises in order to control the workless to be: its reliance on the establishment of individual need, its imposition of non-challenging definitions of social problems, its support for authority and hierarchy, and its constant attempt to replace class conflict with group competition (such as home owner/tenant, old/young (pp.194-220).

This analysis is extended by Baldock (1983) who argues that control is exercised through artificial segmentation of the workforce on the basis of alleged differentiation of skills resulting in the destruction of working class solidarity. She notes that such segmentation is reinforced by ideologies of race and gender, dividing workers from workers, and, in turn, workers from the workless. The artificial division between different categories of welfare recipients is effective, in her view, in controlling the poor, just as skill differentiations are among the working classes. In her words:

A most effective aspect of bureaucratisation, effective that is as a form of social control, is the development of artificial divisions between different categories of recipients by means of varying eligibility criteria and slightly different formulas for payment.

Feminist writers are particularly conscious of the twin aspects of control and benefit delivery and have identified the major purpose of the control functions stemming from the needs of patriarchy. (Eisenstein 1979, Barker, D. and Allen, S 1976, Hartmann 1979, Wilson 1977, Else 1996, Sainsbury 1996 Ch. 9, Mink 1998).

Central to feminist concern about the control aspect of the welfare system is their analysis of dependency, implied and real. The most obvious example of this is provided by the rules and regulations applying to the supply of benefits to unmarried mothers and deserted wives. Feminists argue that the eligibility for social security benefits is so structured that it allows the State to become "a more jealous husband than the man they left" (Glassman 1970, pp.102-103).

Many writers who have looked at the social welfare system and its effects on groups such as Aborigines in Australia; Asian and Caribbean immigrants in Britain; or Native, Black and Spanish Americans in the United States, have pointed to racism as an underlying ideology supporting social control (See Chapter 6).

Whether the perceived need to control welfare recipients derives from patriarchy, racism or ruling class fear of the less affluent, it may be argued that there is a propensity in modern social democracies to use the welfare system rather than military or para-military forms of social control whenever possible. Althusser (1977) expressed this idea as the State's preference for



ideological rather than repressive control. This use of welfare operatives to pacify or deflect unrest, to make recipients feel they have a stake in the future, to present the State (or a department of the State) as a caring institution, has been recognised by many writers in social work circles and is referred to as the 'soft cop role'.

Leonard (Corrigan & Leonard 1979) operating from a Marxist perspective has pointed out that  
The concept of the welfare state as a humane response to need has performed an invaluable ideological function in the control and discipline of working-class populations, for in the name of welfare much can be achieved which would be impossible by more direct methods of repression (p.vii).

In Western democracies, such as Australia, the control exerted by the State is seldom exemplified in overt police or paramilitary forms - Bowral following the Hilton bombing, or the regular showdowns between Aborigines and the police notwithstanding. Repressive tolerance was the term coined by Marcuse (1964, 1968) to account for the gentle but firm control exercised over the populace. Gramsci (1977, pp. 53, 170-172, 185-189, 1978, pp. 233-235, 255-266, 443-459) pointed to the importance of the development of hegemonic forces by the ruling classes to underpin the enforcement of their will. Poulantzas (1978) argued that the ruling classes rely on ideology rather than direct repression in their efforts to control working people. All these accounts share a common feature. They all maintain that the State and the ruling classes ensure that a ruling class version of the ongoing reality is accepted by the bulk of citizens by means of ideological control.

But welfare recipients and those refused welfare assistance, encounter far more obvious control than do any other section of the citizenry. This control is manifested in the policy that the nuclear family shall be the 'recognised' economic unit and shall be the locus for primary welfare help, as well as being responsible for the reproduction of the next generation of workers and workless. Whether the State exemplifies its control functions by enforcement of the work ethic, by being 'a more jealous husband than the man a woman has left', or by enforcing particular child care policies, the State is omnipresent in the lives of welfare recipients.

In supplying benefits and in containing dissent the welfare system serves a legitimating function for capital. The welfare system serves to disguise the privilege of the more affluent and acts to support the status quo by:

- the way the welfare system delivers its benefits;
- the circumscribed nature of much social welfare research;
- the use of residualist definitions of who will and who will not be helped;
- the very real limitations to the redistributive functions; and
- the widespread use of 'need' determination.

This is perhaps nowhere more obvious (as shall be seen in Chapter 4) than in the way Australian governments seek to delegitimise unemployed citizens. Before looking in detail at a number of specific areas of social policy such as employment, locality Indigenous issues and disability the next Chapter will survey major ideological features which influence social policy formation here and in English speaking countries.

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**3 Social  
Conservatism /  
Mutual  
Obligation /  
Social  
Coalition**

## **Social conservatism, mutual obligation and the social coalition**

This chapter investigates the ideological underpinnings of the Australian Government's social programs paying particular attention to income support and industrial relations agenda. It will examine the reasons social conservatism and radical economic liberalism have such appeal to the Howard Liberal National Party Government and to some in the right faction of the Labor Party. The chapter will survey the manner in which dependency and moral jeopardy debates are constructed. It is contended that dependency rhetoric is utilised not to abolish dependency but to shift it from the State to the family and the community.

The shift of responsibility for income support from the State to a private family function began in the mid 1980s and has extended the length of time individuals need to rely on close relatives. Buoyed by 'user pays' rhetoric John Dawkins, the Minister for Education under Hawke, moved to apply a Higher Education Charges Scheme (HECS) which charged students part of the costs of their tertiary education (Edwards et al. 2001 Ch. 4). It was possible for students to pay the fees at the time of study or to defer payment. Subsequently Brian Howe, the Minister for Social Security and Health in the Hawke Government, introduced a Medicare Co-charging scheme for medical services. Howe's plan was met with widespread outrage and was abandoned but the HECS debt continues to increase. The continuance of HECS and the dropping of the Medicare co-charge may, in part, be because gaining a tertiary education is regarded as a privilege for the few whereas Medicare was seen as universal and the co-charge as an imposition on the many.

The Liberal Government introduced the Common Youth Allowance which forced many young people to rely on their families for support rather than receiving income support from the State in their own right. In some cases students up to the age of thirty are regarded as family dependents. On first look it may appear that the Howard Government's socially conservative agenda is a home grown phenomena. This chapter will test that perception. In order to do that it will first be necessary to survey the prevailing ideologies which inform and structure Australian society. There are a multitude of ways of describing ideologies; but the system employed here is a modified traditional English political science classification coupled with a description of ideologies which have grown out of and which are reinforced by Australian social practices. None of these practices is unique to Australia, however the way in which they are combined in this country results in somewhat different outcomes to that found in other nations. My analysis is carried out in the traditions of modernity eschewing postmodern analysis (Schwarzmantel 1998).

### **Ideologies**

The basic components of an ideology are firstly that there is an element of closed thinking, of pre-explanation. "Ideologies aspire to, and pretend to, systematic completeness (Shils 1968 p. 66)". Further they evaluate social facts selectively and can be seen as a system of symbols (Johnson 1968 p. 83.). Ideologies demand a "high degree of explicitness" and a general or wide explanatory power (Shils 1968 p. 70).

Ideologies address themselves to basic explanations of social phenomena and must be capable of being held by a group of people. This distinguishes ideologies from idiosyncratic views. Finally, ideologies, appear to their proponents to have a high degree of internal congruity.

Such a definition of ideology is not universally accepted. For instance, Therborn's concept of ideology is one that does "not necessarily imply any particular content (falseness, miscognition, imaginary as opposed to real character), nor ...assume any necessary degree of elaboration and coherence (1980 p. 2)".

Ideologies invariably acquire detractors from amongst those who hold differing philosophical and political positions. Marx, seeing the system of beliefs which he had created as scientific, equated ideologies which supported the bourgeoisie with false consciousness. Merton and many other functionalist writers of the 1950s and 1960s, believing they were creating a value free sociology, saw their opponents such as C. Wright Mills as purveyors of misleading abstract ideas; the term ideology has had this pejorative meaning since the early 19th century (Gould 1964 p. 316, McCarney 1980 p. 4).

Ideological features can be found in any theory. The adoption of any particular theory stems in part from its suitability as an explanation of social facts in ways compatible with the ideological position of the writer. No longer is it academically respectable to suggest, as Merton and many other functionalist writers once did, that they were in the process of developing value free theories of social events. This has led some writers to suggest there is little point in distinguishing between theory and ideology. Regis Debray asserts that "In reality, all theoretical analysis is of its very essence polemical, a 'committed' form of critique; Marx himself constructs *Capital* on a critique of political economy, starting from - and against - Smith, Ricardo and Say (1975 pp. 161-162, Pinker 1982 pp. 4-11)".

I interpret ideology in a way which is consistently removed from Marx's essentially 'critical and negative' conception (Larrain 1983 chs. 1-6). Whilst I have been influenced by Gramsci, Althusser, Poulantzas and other Marxist writers, the sense in which I use the concept does not fit neatly into any particular Marxist school of thought. At the same time, I utilise ideology to convey a narrower meaning than the 'total conception of ideology' which Mannheim has outlined but one which is basically a positive formulation (Mannheim 1936 p. 49). I believe that societal units other than the ruling class generate ideologies and are in Althusser's words 'captives of those ideologies' (1979 pp. 234-236).

In this book the word 'ideology' is employed to describe a pattern of beliefs and concepts "which purport to explain complex social phenomena with a view to directing and simplifying socio-political choices (and realities) facing individuals and groups (Gould 1964 p. 315)". The term 'social theory' is used to describe the codified abstract conceptions of a causal nature which seek to explain actions by groups or societies. Embodied in this use of the term is the implication of predicability, of replication, and of on-going scientific debate. Any theory which seeks to describe human actions will be imbued with, or perhaps will arise out of, or will seek to promote ideological interpretations of 'social reality'.

Often ideologies underpinning welfare programs cannot be dealt with as discrete entities: frequently there is a blurring of ideological approaches. For instance, few distinctly conservative streams of thought structure social welfare practice in Australia. It is far more common to encounter an amalgam of conservative and liberal ideas (Howard 1999, 2000, Pinker 1998) and

at times these show signs of having been influenced by social democratic thought (Henderson 1975 Vol. 1, ch. 6, Sullivan 1998, Page 1998).

The merging of differing ideological streams can mean that social welfare practice is formed by a combination of poorly articulated, loosely defined ideological forces and this results in a lack of clarity about the belief structures which have informed that practice. A common outcome of this is a general acceptance of the existing processes rather than an awareness of, and critical approach to, the ideologies, structures and practices which have come to make up the welfare state in Australia.

### **Gender, race, age, class, disability and locality**

During most of the first century following Karl Marx's death, Marxists and socialists employing a particular interpretation of historical materialism relied almost exclusively upon class cum economic explanations of the social forces affecting society.

- During the 1970s a group of anti-colonial writers of Marxist persuasion (Fanon 1971, Cabral 1973 and Debray 1975) in particular drew attention to the issue of race as an integral part of the European economy and social relations (see also Leonard 1997 pp. 20-22).
- Also in that period, feminists, both Marxist and non-Marxist, pointed to sexism and patriarchy as pervasive features of social relations (De Beauvoir 1969, Friedan 1970, Greer 1971, Morgan 1970, Mitchell 1971, Millet 1969, Firestone 1973, Morton, 1975, Feeley, 1972).
- Over a slightly longer time frame locality was identified as a point of discrimination (Frank 1964, Stretton 1978, Lawrence 1987).
- An increasingly intense determination to abolish discrimination on the basis of disability emerged during the 1980s and has persisted (Oliver 1996, Thomas 1999, Gleeson 1999, Abberley 1999, Armstrong & Barton 1999).
- Discrimination on the basis of age has been an ever present feature of industrial conditions and the social welfare system for the last five decades. It impacts on both the young (Bessant, 2000 [a], Bessant & Cook 1998, Cunneen 1997, Wyn & White 1997, Senate Standing Committee on Employment, Education and Training 1992, Sidoti 1999, Loader, 1996) and the old (Henderson 1975, Bytheway 1995, Scrutton 1999 Ch. 2)

A considerable body of literature argues that class and economic features only partly account for the major modifying forces in capitalist and sometimes socialist societies. Writers have pointed to sexism, racism and discrimination on the basis of ability, age and locality as crucial factors affecting the nature of advanced societies. My view is that discrimination on the basis of disability, gender, race, age, locality and class are basic, organising principles in Australia, that they interact with each other and are inherent in the ideologies which underlie welfare practice. The manner in which each of these forms of discrimination are played out depends in part upon which political ideological positions prevail in the government of the day and for this reason such political orientations will now be examined.

### **Conservative Perspectives**



There are some conservatives who claim an antiquity for their ideology dating back to Plato. The birth of the modern British conservative tradition is seen, however, as being a late 17<sup>th</sup> century phenomenon. The philosopher Hume, writing in reaction to the Enlightenment, set out to turn reason on its head (Selby-Bigge 1902), arguing strongly for an organic conception of society. Burke, following in this tradition, made his most articulate conservative pronouncements in the years immediately after the French Revolution before the Reign of Terror began (O'Brien 1968). Burke's writings are clearly a reaction to the 'excesses' of the French revolution. Thus the foundations of British conservatism arose in response to, and in an attempt to negate, the philosophies of the Age of Reason rather than as a summation of the established ideas of the day.

The conservative tradition is closely associated with the ideas of Englishmen such as Burke and later Disraeli, with respect for antiquity, concern for precedent, abhorrence of planned (particularly 'utopian') social change, and concomitant reliance on 'natural' evolving of social systems (Dahlke 1964 p. 129-130). Built into conservative thought is a defence of established order, the *belief in the inherent imperfection of human beings*, and the necessity of privilege and leadership, all of which are founded in a fear of 'the tyranny of the majority' which in turn is associated with a belief in the primary role of property as essential to liberty and social order (Rossiter 1968 pp.290-294, de Tocqueville 1862). Burke argued that:

society and the state are not created by man's conscious reason in the form of a contract; they emerge as an organic growth. Traditions and customs are ancient and important; they embody a wisdom more profound than reason. Institutions must be adapted to new situations, but the changes must be organic and from within, not violent and from without. Religion is the necessary basis of social stability. The hierarchy of society is a natural order difficult to improve. The doctrine of progress is dangerous (cited in Martindale 1970 p. 6).

Harrington (1977) has commented that:

The preference for the unplanned, and even the irrational, as opposed to conscious government policy ... is a fundamental conservative theme, (portrayed in) the nostalgia for the vanished *Gemeinschaft*, the suspicion of the contemporary *Gesellschaft*. From Burke to Dostoyevsky to Spengler it has been at the very centre of conservative thought (p. 290).

The central features of the conservative position, in the twentieth century, are:

- support for *traditional values*, such as the family,
- the importance of *work*,
- *sexual restraint*,
- the sanctity of *private property*, and
- the *belief in the inherent imperfection of human beings*.

Conservatives support the continued existence of inequality and minimal welfare (of the residual kind) because of their fear that planned change will undermine the natural order. They place strong reliance on 'freedom', but it is a particular form of freedom, it is a liberty to continue as they have always done in the absence of governmental 'interference'. They are opposed to regulation of the productive processes.

Conservatives place stress on *freedom from* restraint, yet they see the rights of the individual as being constrained within a concept of the 'common good' as defined by the ruling class.

"Individualism is not a ticket to non-conformity. By stressing voluntary collaboration between individuals and by exalting the virtues of social institutions, individualism does not open the flood gates to libertarianism (George & Wilding 1976 p. 24)". Lukes (1973) makes the point that conservative thought in the early nineteenth century was nearly unanimous in condemning the rights of the individual: to exemplify this stream of thought he quotes Burke in his "Speech on the Economic Reform" when he said "Individuals pass like shadows; but the Commonwealth is fixed and stable (p.3)".

Welfare relief provided by government is seen to weaken individuals' attachment to traditional loyalties and allegiances. It is for this reason that conservatives want to see charity based, privatised welfare systems where the process of less eligibility is enforced in ways akin to the poor law system in 17 - 19<sup>th</sup> century England where the locus of help was the family and parish rather than the State (Barry 1998, Henriques 1979).

### **Liberal ideology**

The liberal tradition is closely associated with the ideas of John Locke and John Stuart Mill, and a liberal collectivist stream with Hobbes, Jeremy Bentham and other utilitarians who popularised the phrase 'the greatest good for the greatest number'. Bentham developed a complex calculus of pleasure (good) and pain (bad) with the intention of introducing enlightened social legislation in line with morality (Sills, Vol. 17 pp.226-227). Whilst there are elements of egalitarian principles present in the writings of Bentham, they are tentative steps towards equality. The liberal collectivists' link with conservative ideas about the 'common good' is a major point of disjunction with the individualist strand of liberal thought.

Hobbes conceived of the natural state of man as resulting in the 'war of all against all' in which the life of man is solitary, poor, nasty, brutish and short and as a result conceded the need through some form of social contract to limit 'natural rights' (Sills, Vol. 17 pp.230). Locke was opposed to the Hobbesian suggestion of surrendering natural rights to the sovereign; in its place he proposed that through mutually contracting to protect each other's rights, people would be freed to pursue their individual self-interest (Sills, Vol. 17 pp.231). The liberal position is notable for its reliance upon:

- *individualism,*
- *freedom,*
- *self-help,*
- *constitutionalism,*
- *property,*
- *progress, and*
- *the free play of market forces.*

Lukes notes that the use of the word 'individualism' arose in France and that there the concept was criticised by conservatives as well as by followers of Saint-Simon and other socialists (Lukes 1973 ch. 1).

It was in the United States that 'individualism' primarily came to celebrate capitalism and liberal democracy. It became a symbolic catchword of immense ideological significance, expressing all that has at various times been implied in the philosophy of natural rights, the belief in free enterprise, and the American dream (Lukes 1973 p. 26).

Liberals argue for freedom of action within the market place. In terms of economic policy they do not wish to be constrained by conservative concepts which would limit competition within the boundaries of some preconceived 'common good'. They reject any socialist call for competition to be confined within limits agreed to by the people's representatives.

Liberalism has become modern capitalism's official ideology yet it is also the justifying ideology of the welfare state in England, the United States (Galper 1975 pp.18-22) and, until the advent of the Howard Government, in Australia. Liberals reject the organic conception of society. The formation of a society liberals see as the outcome of competing market forces. Where conservatives want less welfare both in terms of scope and levels of assistance, liberals tend to see more of some types of welfare as beneficial (George & Wilding 1976 pp. 52-58, Galper 1975 p. 3).

Some liberals deriving support from Locke (1955) wish to see totally unrestrained market forces. Most liberals see the need for the state to intervene on the periphery of the market in the interests of the less affluent. "In place of traditional authority they have supported the authority of reason and of demonstrated, rather than revealed, truth (Smith 1968 p. 276)." To the extent that conservatives rely on the ideas of Hume and Burke, they are reflecting these authors' reaction to the Enlightenment; the liberal tradition can be seen as an extension of the Enlightenment. Liberals hold less absolute values than conservatives and their values tend to be conditional and qualified by their intellectual pragmatism. Following on from early utilitarians, many liberals assume that through the pursuit of individualism the collective well-being is increased. They see welfare services as the vehicle to meet need, to provide a redistribution of income and to humanise capital (Galper 1975 pp.22-30). George and Wilding (1976) term such liberals 'reluctant collectivists'. Robert Pinker's (1998) analysis of 18 and 19<sup>th</sup> century liberalism demonstrates the blurring of ideological boundaries between liberal (particularly the liberal collectivists) and conservative political leaders. He also points to overlapping positions taken with regard to social issues and values by some liberals, conservatives and social democrats during the early 20<sup>th</sup> century.

### **Social democratic and socialist perspectives**

Social-democratic parties, a product of the 20th century, arose out of the growth of socialism as an emerging political force in Europe during the last quarter of the 19th century. Social-democratic parties in Britain, Germany and Australia all maintain:

- *strong trade union links,*
- *a belief in equality,*
- *a commitment to government intervention,*
- *a dedication to representative government, and*
- *to the peaceful transition to socialism .*

The social-democratic position has certain aspects in common with a socialist view of the world, but it also differs in several important ways. Both positions accept the principle of equality but whereas socialists, particularly those of a Marxist persuasion, would see equality as a prime and immediate goal, social-democrats see themselves working towards its attainment at some time in the future. In Germany, Britain, and Australia the social-democrats have dissociated themselves

from Marxism arguing that through a gradual transition they will arrive at socialism. The majority of Australian Federal Labor Party parliamentary representatives belong to the right faction and only marginally, if at all, support the concept of a 'peaceful transition to socialism'.

Connell (1978 pp7-10) has described socialism as based on equality, community (or fraternity), liberty, co-operation, direct democracy and reason. By 'direct democracy' Connell means the spreading of power, a minimum of delegation and bureaucracy; he also explains that "To be reasonable does not mean to be 'moderate', to live a life of compromises. On the contrary, it demands a militant opposition to the forces of death and exploitation; and a militant compassion for their victims (1978 p10)." It is a commitment to this view which divides socialist from social-democratic parties.

George and Wilding (1976) commenting on the basic components of British Fabian beliefs point first to equality, freedom and fellowship before going on to mention "two other central but derivative values - democracy, which is the child of equality and freedom, and humanitarianism which is the offspring of equality and fellowship (p.62)". Socialists' primary value is equality; yet George and Wilding (1976 p.65) are aware that for Fabians equality "means more than equality of opportunity but less than equality of income."

Social-democrats, whilst condemning inequality based on inherited wealth, allow for unequal rewards deriving from hard work, genius, creativity and other factors of individual input. They recognise that inequality of opportunity is an automatic artefact of unequal societies yet are prepared to tolerate inequalities which must of themselves lead to advantaged backgrounds for the children of those who by their 'efforts' are 'entitled' to greater rewards. In the face of considerable literature which has shown that equality of opportunity does not result in equality of outcome, social-democrats remain uncommitted to full blown equality (Huber & Form 1973 ch. 9).

The acceptance of this form of 'equality' derives from their acknowledgment of the importance of freedom. Social-democrats view freedom not in terms of the absence of restraint on market forces but in terms of a freedom obtained through state intervention. Whereas, for socialists, freedom is a communal freedom through which individuals are freed to achieve their maximum social capacity "the meaning of socialism, both logically and sociologically, can only be understood as a contrast to individualism (Shils 1968 Vol. 14 p.506)". Conservatives resist government intervention in the market place, yet they would see their freedom to pursue their interests being constrained within the bounds of the 'common good' as defined by the ruling class. Socialists also accept restraint on their freedom; the restrictions they would accept are determined more by an acceptance of the 'general will' (Marcuse et al 1978 / 79 pp. 136-139).

The concept of the 'general will' was initially developed by Rousseau (1862), a social-democrat. Socialists extend this 'Rousseauian' notion of the 'general will' to mean something like 'in the interests of everybody' or at least in the interests of all but the bourgeoisie. Community workers constantly and unsuccessfully struggle to operationalise this concept in a meaningful way. In community work practice it comes to mean something akin to the lowest common denominator of consensus attained from amongst the ranks of those who participate (Tomlinson 1978 pp.68-105).

Social-democrats welcome the extension of the welfare system. They see it as the mechanism which ensures social stability and which delivers to the working class the social wage, as the method of coping with diswelfares (Titmus 1974 ch.6). The welfare system is seen as the vehicle for the relief of distress and poverty, which in the future has the capacity to reform the capitalist system into a humanitarian egalitarian welfare society. This is so despite the presence in this camp of writers like Titmuss who are conscious of the very limited nature of transfer of income across class boundaries via the welfare system and the major disparities in benefits flowing to superannuated and other well-off groups compared with the benefits obtained by ordinary working people through the welfare system (Titmus 1976 pp.113-123 & pp.188-189, Crossland 1956, Jamrozik 1995).

### **Marxist ideologies**

The central values of Marxism are:

- *equality,*
- *solidarity, and*
- *freedom.*

Marxist theory developed out of Marx's attack on capitalism. It is therefore not surprising that Marxism can be explained more easily in terms of its opposition to features of the existing system rather than by listing its central ideas. Marxists are opposed to;

- *private ownership,*
- *the unregulated play of market forces,*
- *individualism,*
- *privilege, and*
- *inequality;*

all of which they see as forms of exploitation.

The entire notion of welfare confronts Marxists with a central contradiction. They wish to introduce a system whose prime function is to ensure that the society operates along the lines of Marx's dictum: "from each according to his (or her) ability and to each according to his (or her) needs ( Marx 1970 p. 371)". Yet orthodox Marxist theory suggests the possibilities of change are constrained by the fact that "the ruling ideas are those of the ruling class ( Marx & Engels 1971 p. 31)". In Australia, Britain and the United States the prevailing values of the ruling classes are far removed from the Marxist ideal. Marxists have generally given priority to economic determinist explanations which rely on an acceptance of class conflict as a central feature. However an increasing number of Marxist writers are pointing to race, gender, disability, locality, and age as factors at least as central as class in social welfare theory.

Marxists are divided in their support for the existing welfare system. Some see the present system as a result of the ruling class making minor concessions, along the lines of Bismarck's social welfare experiments, in order to forestall important demands of the working class. Others view the current welfare arrangements as the ransom the ruling class has been forced to pay in order to maintain social peace (Mandell 1975, Piven & Cloward 1971, 1979). Gough (1979 p.55) has described these two perceptions as arising from the paradox that "labour indirectly aids the long-term accumulation of capital and strengthens capitalist social relations by struggling for its

own interests within the state". The alternative to struggling within the state for a more equal distribution of resources for working people is an option which no major political force in Britain, Australia or the United States is currently advocating.

There are Marxists who see the concessions obtained through the working class struggle as the price for social peace, or the price of peaceful social control, and therefore a bar to eventual socialist victory. However other Marxists share with many conservatives the belief that, as well as buying temporary conformity, any reform has the potential to raise further demands. Miliband (1973 p.242) after stressing that a major role of the state is mitigation of disadvantage, goes on to say "reform and repression are tried simultaneously. These are not alternative options but complementary ones."

Marxists are united in their belief that the welfare system in capitalist societies is incapable of moving society towards an equitable distribution of wealth and income and most accept that it is not even capable of removing the gross inequities which exist because of the predisposition of the capitalist state to constantly attempt to increase rather than reduce inequalities (Strachey 1957, Galper 1975 p.3). Whereas liberals see the welfare state as somewhat separate from the rest of the economic system, Marxists account for restrictions on the redistributive power of the welfare system precisely because of the integrated nature of the welfare system within mainstream economic processes (Galper 1975 p.46).

In order to close this look at Marxist views on welfare systems it is desirable to return to the central values of the Marxist ideology and to elaborate upon the particular meaning Marxists give to equality, solidarity and freedom. Marxists' commitment to equality is not hedged around with the elaborate 'pragmatism' of the social-democratic understanding of equality referred to earlier. Galper expressed it this way:

Contrary to the present reality, the ideal situation would be one in which the individual's maximum contribution to the society as a whole would be, simultaneously, exactly that person's maximum contribution to his or her own self-development. In a truly humanised society the ideal towards which we would strive would be the elimination of the duality between actions which primarily benefit the individual actor and those which benefit others (Galper 1975 p. 48).

Earlier in this book he had spoken of 'collective self-determination' as he attempted to encapsulate the Marxist concepts of freedom and solidarity. These descriptions flow from Marx, who "believed, for quite technical philosophical reasons, that when a man is truly rational and universal he is co-operative (ABC 1973 p.10)". Such views are an anathema to many American liberals who consistently refer to the need for individual freedom.

This (liberal view of freedom) is not construed however, as the right to dignity and self-determination; the right to work; the right to health; the right to peace; the right to equality; the right to develop selfhood without alienation, racism, sexism or ageism; or the right to reform the economic private market mechanisms that have failed and that have created the present crisis. Nor does it encompass the internationally accepted right to an acceptable standard of living (Iatridis 1983).

This point is reinforced by Lukes who argues that the notion of liberty or freedom is a complex or compound idea which, when subjected to analysis, can be shown to require or presuppose a number of further, more

basic ideas, and that central to these are the notions of autonomy, privacy and self-development. Indeed, I would go further and claim that these can be seen, so to speak, as the 'three faces of freedom' - by which I mean that, while distinct from one another, all three are basic to the idea of freedom and that freedom is incomplete when any one of them is absent or diminished (Lukes 1973 p. 127).

As mentioned earlier this classification of traditional political perspective is but one of many ways a reader might conceive of codifying the 'political ideologies' in Australia (Leach 1995). Before looking at Australia's socially conservative welfare policies, feminism and 'dependency' will be briefly considered.

### **Feminist theory**

Feminists contend that gender discrimination has been basic to the assertion of social power relationships in all societies. They have argued that gender discrimination is not simply an extra aspect of power which has not been adequately dealt with by writers operating from other ideological perspectives. Instead they have asserted that gender issues are fundamental to a thorough understanding of social systems. Feminists point to the prime importance of gender in the division of labour and have argued that it has been this gender division on which other relations are built. Hence there is a need to concentrate upon the issue of gender in attempts to explain the totality of relations in society.

The importance of these insights is that the structure of western society, including arrangements made within the mode of distribution, has been identified by feminists as a manifestation of patriarchal control. Modern feminist theory developed in response to and as a rejection of prevailing patriarchy. A central theme running through feminist literature is that of the oppressive nature of patriarchy. Liberal and socialist feminists are inclined to link patriarchy with other controlling forces in a society, whereas radical feminists tend to identify patriarchy as *the* determining social force.

Marxist, socialist, social democratic and liberal writers have attempted to incorporate some feminist insights into their analysis. These are tentative steps and have seldom been universally welcomed by feminists (Hartman 1979). The major criticism of such incorporation is that gender is a central issue not one that can be tacked on at the end. An example of this kind of inappropriate afterthought was provided in 1987 when the Hawke Labor Government abolished the B class Widows Pension which had previously been paid to older widows not caring for children. The Government distorted the feminist call to enable such women to take their place in paid employment and used it to rationalise the removal of their welfare benefit without substantially assisting them to find work.

Feminists have made a substantial contribution to the understanding of the welfare system by exposing the gender blindness inherent in the ideological perspectives of conservatism, liberalism, social democracy and Marxism. By laying bare the patriarchal assumptions integral to these ideologies they have exposed the sexist nature of societies organised around these ideological positions and have shown that beyond other forms of control exerted upon welfare

recipients patriarchy adds a further oppression on women, children and 'dependent' men through welfare service programs.

Understandably, feminists have concentrated upon the issue of the family as a centrepiece of their analysis and have added to our understanding of intra-family repression, the way in which the family is constructed and the implications this has for welfare services. A major criticism which feminists make of welfare payments is that they enforce a role definition of women which underlines and reinforces their 'dependency' (Wilson 1977, Land 1976, Barrett & McIntosh 1982, Sawyer 1982). Having forced women into this dependent role, legislators are quick to abuse them for being reliant on the state (Newman 1999). Feminists are aware that whilst most welfare programs are predicated on a concept of family welfare, many programs in fact operate in a way which leads to the break-up of family units (Moynihan 1973) and to the frequent intra-family repression of individuals.

Mink (1998) says that when she set out to review the way the welfare system had treated women in the United States of America her focus quickly changed from the "mistakes made by welfare's early twentieth-century proponents to the outrages perpetuated by its late twentieth-century foes (p.ix)." In researching the behaviour of legislators during Clinton's Presidency she found "they cared little that the new welfare provisions would pressure poor single mothers to surrender their civil rights as a condition of economic assistance (p. 2)" and that even most Democratic liberals "who fought to save welfare did so for the sake of the children, not mothers (p. 2)". She considers the broad support for disciplinary welfare is rooted in the view that lone "mothers poverty flows from moral failing ... 'unwillingness to work', their failure to marry (or stay married), their irresponsible sexuality and child bearing (p. 4)". Such derogatory views also resonate from the pages of Lucy Sullivan's (2000) report published by the Sydney based right wing think tank The Centre for Independent Studies. Sullivan claims that "Poverty in Australia is not financial, but behavioural (p. 47)" and that "The true costs of obligation free dependence nevertheless emerge in the behavioural style of welfare dependency, whether we choose to call it lazy, negligent, criminal or marginalised (p. 11)".

Across the decades, a principle aim of welfare fixers has been to restore the system's moral levers....Despite their broadsides against 'dependency' welfare reformers have been less concerned that poor single mothers are economically dependent than that they have been dependent on government. They expect that mothers will be dependent but insist that they be dependent on men. Indeed, since the 1940s, reformers have been troubled less that poor single mothers are poor than that they are single (Mink 1998 p.35).

Descriptions of the attack on welfare benefits in the United States of America have considerable applicability in Australia. On the 9<sup>th</sup> November 1999 Jocelyn Newman, the then Minister of the Department of Family and Community Services, issued a discussion paper entitled *The Challenge of Welfare Dependency in the 21<sup>st</sup> Century* in which she asserts the objectives of "the modern conservative approach to welfare" is to "assist people appropriately when they are in genuine need, to provide an adequate safety net...(and) to stop people becoming dependent (p. 7)".



Instead of creatively thinking about innovative solutions, the paper sets out with the untested assertion that there is widespread 'welfare dependency' and that it is a problem which can only be solved by a combination of 'mutual obligation', making the obtaining of income support more difficult and where people are found relying on income support removing it by placing time or age limits on receipt or shifting them to less secure forms of income support.

The neoclassical liberals seem to believe that welfare problems, for example unmarried motherhood, voluntary unemployment and so on are rational responses to the incentive structures that face individuals. Social harmony will emerge spontaneously only if the appropriate market signals are operative (Barry 1998 p. 58).

The intensity of Newman's (1999) response to 'dependency' is a result of her belief that if welfare payments are provided without specific work or other reciprocal requirements then 'dependency' on welfare will extend from this generation of recipients to their offspring. Newman's perception arises as a result of the combination anecdotal 'evidence' (at every Liberal Party meeting someone knows someone who could work but prefers to receive benefits and also a sole parent who's defrauding the system) and a conservative belief in the imperfection of human beings and the liberal market 'insight' referred to by Barry above.

The fact that the number of people in poverty is not declining reinforces such views. There seems little recognition of the very real limitations of aggregated statistical analysis. The use of aggregated statistics of poverty can provide the number of people in poverty and if the appropriate questions are asked might give an account of how long a specific percentage of people may have experienced poverty. Aggregated statistics are just that. They lump together a group of people and allow for some general interpretation of societal phenomena. Such aggregated statistics cannot explain any specific individual's experience of poverty. An examination (Goodin Headey, Muffels & Dirven 1999) using longitudinal panel studies provides evidence about individual's experience of poverty. Their examination shows that only very few people in Netherlands, the United States and Germany remain in poverty indefinitely. The Liberal Party which ideologically, and in its public pronouncements, claims to be committed to the interests of *the individual* theorises about poor people's propensity to become and to remain 'dependent' on the basis of aggregated statistics and anecdotal evidence rather than on the real life experiences of individuals.

### **Dependency & 'mutual responsibility'**

It would be comforting to assume that Minister Newman or at least the Howard Cabinet thought up the idea of 'welfare dependency' and it is nothing more than an out of town try out. To do so would be a serious mistake. *Dependency rhetoric* has a centuries long lineage and has enjoyed a comeback with the rise of fundamentalist economics. It was part and parcel of Thatcher and Reagan's onslaught on the poor in their respective countries (Alcock 1998 pp. 210-211). In the run-up to the 1987 Federal election Brian Howe used it incessantly in his efforts to berate the unemployed for their incapacity to find work. The right wing Federal Labor back bencher Mark Latham trots out similar denunciations of the poor at every conceivable opportunity (Watts 1999, Tomlinson & Bleasdale 1999/2000 pp.6-7).

'Dependency' and 'mutual obligation' were central concepts applied by the National Government in New Zealand during the 1996-98 period as they unsuccessfully attempted to defuse

unemployment as an electoral issue. In Britain, Tony Blair's New Labour borrowing from Clinton's America is shifting its underlying welfare philosophy "from citizen entitlement towards citizen obligation with the state taking on an increasingly residualist role (Sullivan 1998 p. 129)". In this sense Blair's 'Third Way' is a continuation of Thatcher's welfare policies which Klein and Millar described as the "do it yourself" welfare state (cited in Page 1998, p. 307).

The words 'welfare dependency' encapsulate connotations of abuse, of failing to meet legitimate responsibilities, and something just short of cheating or defrauding the State. In periods before economic fundamentalists ran amok in Canberra (Pusey 1991, Stretton & Orchard 1994) the word 'dependency' had alternative meanings which can be found in the *Macquarie Dictionary*. Then clients of the Department of Social Security *relied on* the income support system for their livelihood, they could *depend on it*, they could *trust it* to supply them with sustenance if they met the eligibility criteria, they could *be confident they would receive their entitlement*. Now when the members of the Government use the word 'dependency' in relation to income support recipients they mean that the client / customer is an appurtenance "something accessory to another more important thing" presumably the productive parts of the economy.

There is little that is mutual or responsible about the Howard Government's concept of 'mutual responsibility'. Like 'dependency' it has become jargon, it is political shorthand for saying to those who are seen as politically expendable 'you won't get the income support to which you were entitled unless you give us something in return'. Australians did too little when governments started attacking working conditions and awards of the more vulnerable workers. Now the majority of workers feel insecure in their employment. Too many aged, lone parent and disability pensioners did nothing when 'work for the dole' only applied to young unemployed. That system is being extended to every social security recipient, except the aged, but even they should not get too relaxed and comfortable. The Howard Government removed or diminished the income support of 46,000 16-18 year old unemployed Australians (Horin 1998) and there was little outcry.

Norman Barry (1998) reflecting upon the modern welfare state's attempts to cope with moral hazard asserts the clear connection between the past and the present when he says "Workfare schemes...are implicitly drawing on the theory of human nature that inspired the designers of the 1834 Poor Law (p. 64). Henriques (1979), writing about the Elizabethan poor law administration discusses 'secular puritanism' and notes

The association of words which implied that the destitute, especially those who could be called 'able bodied', were destitute by their own fault quietened the conscience of those who suffered from or feared the growing cost of poor relief...the whole moral justification of the deterrent workhouse was that it would drive those able to work into finding employment (p. 23).

Henriques suggests that in the run up to the introduction of the 1834 Poor Law "harsh attitudes were commonest amongst the lesser ratepayers...This 'petty bourgeoisie' had the strongest temptation to repudiate those whom the cost of helping was high (p. 24)". Both these examples have considerable application to contemporary Australian social policy. Beyond links to the poor law assumptions about the need for less eligibility there are clear connections with public choice theory in the way the Australian Governments constructs their income support policies insisting

that behaviour "is best understood by assuming its motivation is single-purposed, acquisitive and unchanging (Stretton & Orchard 1994 p. 18)".

### **Family values**

Conservatives claim to support *family values* but their rendition of what values in relation to families they support is a very selective version of life within families. One can identify:

- privacy (freedom from),
- the obligation to obtain paid work (self sufficiency of the head of family),
- male headed, two parent (patriarchy),
- God, traditional values and sexual restraint (conservative patriarchy), and
- the inherent imperfection of human beings (conservative).

The New Right's support for 'family values' revolves around aspects of intra family responsibility on the family head to provide for the family and a reciprocal obligation on other family members to carry out caring tasks in return. Interestingly the New Right argues that *their* family values prescription should be extended to encompass the entire society.

My ideal family's most outstanding features are *caring, sharing, equality* and *acceptance of difference*. Were this society to wholeheartedly embrace those family values then we may go some way towards building

a land that's fit for heroes  
and me any you as well (Eric Bogle).

### **Social Responsibility**

The 'mutual obligation' component of the Howard Government's 'work for the dole' scheme coupled with its extension into an expanded participation for most recipients, despite elements of these programs being residues from the 1930s 'susso programs' for the unemployed during the Depression, is not an entirely home grown phenomena. An almost identical scheme was set up by the National Government in New Zealand in the last couple of years of the twentieth Century. The New Zealand Code of Social Responsibility cut benefits to lone parents for 'inadequate parenting' (however defined), failing to put the family's budget into the hands of a financial counsellor, or refusing workfare jobs (Common Ground 1997 p. 3). Mink (1998) reflecting upon the United States experience says

The Personal Responsibility Act removes poor single mothers from the welfare state to a police state...(denies) income security,...(subjects them ) to stringent and intrusive moralistic regulation in exchange for meager and temporary assistance...only if they reveal their most intimate relations and only if they agree to associate with the men whom government designates as their children's fathers (p. 133).

Parts of the Wisconsin welfare cutbacks and wider United States workfare program have been adapted and applied in Australia. Whilst Australia has not quite plumbed the depths of the United States treatment of lone parents there are similarities in relation to requirements to name the non-custodial parent and take maintenance action before income support is provided which return the Australian system to the 1960s and which are not very different from the restrictive disciplining policies of the United States (Edwards et al. 2001 Ch. 3).

## Social conservatism and the social coalition

In 1999 Prime Minister Howard asserted that:

Economic policy liberalisation and a modern conservatism in social policy share important common values and objectives...Both recognise the role of markets and of government...Both reject the controls of the corporate state over people's lives...Both promote opportunity, incentive and responsibility over dependence and welfarism...Both support the full realisation of individual potential as well as the reality of social obligation (pp. 3-4).

Later in this speech Howard goes on to explain that 'modern conservatism' supports the family and "upholding an obligation to other members of the community" but that it also supports independence, self reliance and maximising individual potential (p. 6). Alongside social conservatism Howard places a neo-liberal economic agenda supporting the "great share owning democracy", deregulating industrial conditions by "freeing up workplace relations from the dead hand of inflexible centralised controls", benchmarking, and greater international competitiveness in order to "reap the maximum benefit from the opportunities presented by economic globalisation (pp. 5 -10)".

Clearly this speech contains an amalgam of both classic liberal and conservative ideological positions with its concentrations upon both individualism and social duty, yet a social duty confined not by the 'common good' but by market values. His speech also contains a commitment to maintain the social *safety net* "for those in genuine need" (p. 7).

Philippe Van Parijs (1992[b]) contends that there is no easy way of fighting the tendency towards a society divided between the employed and the unemployed

But the replacement of the safety net, in which the weakest and the unlucky get trapped, by a firm unconditional floor, on which they can firmly stand- in other words, the replacement of a conditional minimum income scheme by a genuine basic income- is increasingly viewed as an indispensable ingredient in any such strategy (p.7)

Early in 2000 Howard set out his blueprint for a 'decent society' in which he claimed that his Government whilst committed to maintaining a social security safety net did not see the solution to pressing social problems as being "solely in the hands of the Government... (nor) that simply spending more taxpayers money is the answer (p. 12)". He proposed the formation of a 'social coalition' by which he meant "a partnership of individuals, families, business, government, welfare and charitable organisations, each contributing their unique resources and expertise to tackle disadvantage at its source (p. 12)." Howard went on to exhort commercial philanthropy suggesting not that business give more but that more businesses give. He further noted that:

Most of all, the social coalition is firmly rooted in notions of mutual obligation...as much for business as it is for individuals. The same principle that asks a young unemployed person to give something back through work for the dole also prompts enlightened businesses to give back to the community (p. 12).

A more reliable way of having business provide the financial wherewithal to assist in meeting the cost of welfare services would be through the tax system; either by increasing compliance pressure or by raising the rate. However this conservative Prime Minister chose the path of

business voluntarily giving whilst compelling the unemployed to meet their 'mutual obligation'. Australian business receives in excess of \$14 billion a year assistance from government to enable it to increase exports, quality, research and development and is seldom required to repay such assistance (Van Dyke 2000, *Lateline* 2000 27<sup>th</sup> April).

The desire to remove the State (as far as possible) from a direct role in welfare provision through encouraging business philanthropy and by contracting out services to church and community agencies is driven by an acceptance of public choice theory's suggestion that voluntary altruism is preferable to State bureaucracy with its emphasis on categories and rights (Barry 1998 pp. 56-57).

In fact, the translation of welfare demands into rights is perhaps the phenomenon that has provoked the most hostility from New Right thinkers. Whilst neoclassical liberals have railed against the costs social rights have imposed on market economies, ... conservatives have been as much concerned with the kind of welfare culture that their implementation is said to produce (Barry 1998 p.71, see also Culpitt 1992 Ch. 1).

Liberal capitalists want freedom from State regulation and freedom from the burden of meeting the social and environmental costs of production. In similar fashion, the Howard Government wishes to escape the burden of dealing with those who can be deemed to be 'dependent' on others - families, churches, and 'not for profit' agencies. This is particularly clear with regard to migrants who now have a two year wait before becoming eligible for most social security payments and in the way that people who, subsequent to arriving without entry permits, are granted 3 year temporary residency permits but are prevented from claiming many of the benefits available to approved refugees. This is so even though before applicants are given such a temporary residency permits they must prove they meet similar requirements, in relation to political persecution, as do other refugees.

### **The contradictions**

An interesting contradiction has emerged in welfare policies since the Howard Government came to power. At the very time the Government berates those who need to rely on income support from the State for being '*dependent*' it has moved to reinforce low income earners' *dependence* on their family and local community based charities. The changes to Austudy, the abolition of Abstudy, the changes in student HECS, have forced students to depend on their parents until they are 25 years and in some cases 30 years old. The abolition of the low income earner dental assistance scheme, cutbacks in welfare service funding and the introduction of nursing home fees have forced many older Australians to rely on their children for financial support at the very time when they are most vulnerable. Many of these children are paying off their HECS debt and trying to raise young families at the very time their aging parents are calling on them for help which was previously supplied by the tax payer.

The message which the Howard Government is sending to working and middle class Australia is that it is bad to be dependent upon the Commonwealth for assistance but good that family members are forced into a co-dependency relationship with each other. This message is pushed at the lower orders whilst at the same time the rich are told they are paying too much tax so they'll be handed out massive income, capital gains and business tax rebates to provide them

with an incentive to amass more wealth and just to sweeten the pie they had better have a third of their private health insurance costs met by the taxpayers (Leeder 1999).

There is a further contradiction which derives out of the amalgam of conservative and liberal ideologies driving the changes in Australia's welfare, health, education, industrial relations and employment policies. On the one hand there is a push to uniformity driven by a desire to end 'special rights' for certain recipients, an intense desire to remove standardisation in work place relations yet, on the other hand, newly created privileging for well off sections of the society.

Uniformity has been pushed through cutbacks in the scope and coverage of Awards, the introduction of the Common Youth Allowance, the abolition of Abstudy, the extension of 'work for the dole' from young unemployed to all unemployed, the proposed expansion of 'mutual obligation' to include those with disability and lone parents. These changes have at least in part been driven by a desire to end 'special rights'. The desire for uniformity has not extended into abolishing the age discrimination explicit in youth wages, youth rates of income support, nor to ending the distinction between beneficiary and pension rates of income support.

The introduction of individual work contracts, the expansion of enterprise bargaining, the watering down of unfair dismissal provisions all run counter to the notion of uniformity. The ending of legislative provisions which ensured life time community rating in private medical insurance and replacing it with specific age community rating, the decision to axe the Commonwealth funded dental health program designed to assist those on the lowest incomes, whilst providing a one third subsidy of health insurance costs, even where that insurance covers dental treatment, rewards the better off at the expense of those unable to afford the highest scales of health insurance. It also rewards the middle aged compared with older Australians. The push to privatise public utilities removes from all citizens their share of the common wealth whilst rewarding those who buy shares in privatised public utilities.

Perhaps nowhere was this contradiction which derives out of the amalgam of conservative and liberal ideologies more clearly spelt out than in the Howard Government's revisions to the Native Title Act in 1998. The tension between the drive towards uniformity and the creation of privilege was palpable. The 'special rights' of one group of Australians, Indigenous Australians, which the High Court had found them to have, were removed to provide 'certainty' to a privileged group, pastoralist and miners, whom the High Court had found against. (See Chapter 6).

## **Conclusion**

Social conservatism coupled as it is with a neo-liberal economic agenda - interpreted, explained and propagandised within public choice paradigms - seems omnipresent in current welfare debates in Australia. Each of these features has relevance to the choice between universal income support and the existing categorical social security system. But before such a choice can be examined, the interrelationship between ideology and 'needs' based benefits will be considered in relation to unemployment, locality, Indigenous and disability issues.

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**4**

**Un-**

**employment.**

## Unemployment, compulsion and lack of certainty

Marxists have long realised the fact that "The slave is sold once and for all; the proletariat must sell himself daily and hourly." (Engels p. 4 - question 7) and the threat to dismiss evokes uncertainty and frequently a compliant work force. Marxists interpret current insecurities of the work place as deliberate policy intended to coerce the workforce, and the uncertainties of the system of income support as designed to discipline the reserve army of labour.

This chapter will:

- examine some of the proffered 'solutions' to the 'unemployment problem', and suggest why such 'solutions' are proposed,
- describe why governments are intent on blaming unemployed people for being unemployed,
- consider whether 'dependency' is a problem for government or whether *dependency rhetoric* is often governments' 'solution' to the political odium which high levels of unemployment create,
- suggest that concentrating on 'dependency' as the problem does nothing to solve unemployment or provide income security, and
- suggest that the introduction of an unconditional universal Basic Income would provide the first step towards providing a base from where we might start to identify the real employment/unemployment issues confronting Australia.

Underlying the analysis of both 'problems' and 'solutions' is the failure to trust ourselves, which in turn leaves us unable to trust others, which causes us to identify bogus 'problems' and define unworkable 'solutions'. There will be a detailed analysis of *trust* in Chapter 8

The level of unemployment becomes less important if governments are able to find ways to provide all permanent residents with a Basic Income sufficient to sustain them. This is particularly so in the situation where citizens are prepared to allow people to define *their own social meaning outside the paid workforce and to be willing to recognise others' evaluation of their importance to self*. Australian Government policy has yet to demonstrate that this is an acceptable policy option.

### Any job, anywhere, any time

On the 30<sup>th</sup> January the Minister for Employment Tony Abbot (2000) repeated his unsubstantiated assertion that any job so long as it is "not illegal or immoral" is better than no job at all. He was being interviewed in the aftermath of his colleague and Minister for Community Services Larry Anthony's announcement that people receiving any form of unemployment payment from the Commonwealth would be expected to apply for up to 10 jobs per fortnight. These pronouncements came hot on the heels of the Treasurer insisting that if growth in the economy continued for another four years then everyone who wanted a job would find one.

It is not surprising that any government intent upon disguising the fact that it is not decreasing the rate of long term unemployment with anything like the speed of its predecessor (Stromback, Dockery & Ying 1998, ACOSS 2000[a]) trots out cliches about unemployed people's indifference to finding work and all the associated rhetoric so reminiscent of the 'dole bludger'

mythology of the last quarter of a century (Brough 2001 [a], [b], Department of Employment, Workplace Relations and Small Business (2001), Windschuttle 1981, Watts 1995[a], 1999).

Governments seem reluctant to acknowledge that many jobs are not liberating, career enhancing, or even sensible options for someone wanting secure employment. Many new jobs are part time, casual, of limited duration, or injurious to health; some are extremely dangerous, and some are so low paid that even full-time workers are living in poverty. Many workers are unemployed because they spent most of their past working lives employed in industries which have been phased out by tariff cuts, or where technological or market shifts have led to huge reductions in the amount of labour required.

### **Definitional issues**

The failure of the state to create enough jobs for all who want them or to find ways to share all the available jobs amongst the entire labour force has come to be defined as the 'unemployment problem'. Various 'solutions' have been proffered by governments, welfare agencies, academics and others. Those who are uninformed about the complexity of this issue, and who rely upon the fact that they are employed and that they have not personally encountered difficulty acquiring paid work, frequently assert that there is not an unemployment problem. They claim there are plenty of jobs but some people just don't want to work. They seem unconcerned when confronted by ratios between people registered as unemployed and notified vacancies. Nothing in this book will convince them otherwise.

Some economic fundamentalists suggest the cost of solving unemployment is too high, attempts to lower the rate of unemployment would result in a distortion of the market, and amount to an interference with liberty. In any case they suggest, unemployment may be beyond control, beyond interest, too complicated to solve, or an externality. They suggest it may be necessary to keep joblessness at the present level in the general interest of the economy, or perhaps it is some how the unemployed's fault.

There are those who claim Australia doesn't have an employment problem, that unemployment is sectional - affecting only groups they contend are peripheral to productive processes like: the young, the old, the uneducated, those who are not job ready, people with a disability, migrants, and Aborigines. The makers of such statements seem unconcerned that the total number of people who constitute these groups exceeds 5 million.

Preoccupation with economic measurement, market outcomes, commodity prices and share market prices is the result of the widespread acceptance of neo-classical economics. Gross Domestic Product (GDP) or Gross National Product (GNP) are widely accepted as measures of a country's relative economic performance. Since the rise of economic fundamentalism such measures have increasingly been seen as measures of a country's well being. A growing band of social scientists are promoting an alternative measure:

the Genuine Progress Indicator (GPI), which uses sophisticated economic theory and vast amounts of data to augment GDP by more than 20 other factors that affect well-being, including the value of household work, the social costs of crime and the impact of environmental degradation. (Throssell 2000, p.4).

If, instead of providing hourly economic statistics over which average people have no control, the press provided: a depression index, health and happiness calculations, a daily *social wellbeing* index, daily employment creation and job loss figures then citizens might come to understand the social and personal dimensions of joblessness and might determine to do something about it.

### **Possible causes**

High rates of unemployment have been attributed to a multitude of causes including: down turns in the economy, too many migrants, the work shy nature of the unemployed or their lack of skills, technological change, the payment of unemployment benefits (Gregory & Patterson, 1980; Dollery & Webster, 1995; *contra* Manning, 1981, P.17; Patterson et al., 1983, p. 100), the nature of society - sometimes expressed as the natural rate of unemployment (*contra* Omerod, 1994, Ch. 6), the rise of part-time work, women (particularly those who are married) entering the labour market, the high costs of labour, or *by intentional government and industry policy* (Boreman, Dow & Leet 1999).

Except for the period 1945 until 1973 the rate of unemployment has always been over 3% in peace time in Australia. This was the period when Australia's migrant intake was at its highest making it hard to sustain the argument that high levels of migration on their own cause unemployment.

It is important to explain what causes unemployment. When citizens come to decide who should bear the cost of high unemployment or the cost of solving it decisions about who should pay are likely to be determined by how voters account for the creation of the problem.

Perhaps it's just that some people are lazy (Sullivan 2000). Those who suggest that it is Australians' indolence which causes unemployment would need to account for periodic fluctuations in the level of unemployment - perhaps laziness is seasonal. Keith Windschuttle (1981) in his ground breaking book *Unemployment* discovered that many parents were more likely to believe media stereotypes about young dole bludgers than objectively evaluate the efforts which their own children were making to find work.

### **Defining the problem**

Some have suggested that unemployment is an economic problem, something determined by the market, by balance of trade, by cyclical downturns in business activity, and so forth. But unemployment is not just and maybe is *not even* an economic problem -rather it is a social, political, moral and ethical question. If it were an economic problem, capable of economic solutions then why have the econocrats not solved it? The highest levels of unemployment in recent times in Australia have coincided with the rise of neo-classical economists to the pinnacle of decision making in this country (Pusey, 1991). A thorough criticism of economic fundamentalism and its failure to solve unemployment is provided by Omerod (1994) in *The Death of Economics*.

If unemployment is not an economic problem but rather a political, social, moral and ethical question then being a non-economist does not rule ordinary citizens out of the debate - rather it rules them in. If people are prepared to make the social, political, moral and ethical decisions which can solve unemployment they may find they still need to utilise technical economic tactics to come to solutions but this does not necessitate embracing the ideologies of economic fundamentalists (Rees, Rodley & Stilwell, 1993; Vintila, Phillimore & Newman, 1992; Stilwell, 1993; Gollan, 1993, Kelsey, 1995). The type of economic tactic chosen to solve unemployment, for instance creating jobs in health, education and community services, will in large part be determined by the ideological positions adopted. Once citizens determine to raise social priorities above purely economic outcomes, it would not be possible to continue to ignore the costs, personal or social, which unemployment causes. It would no longer be sustainable to define such problems away as externalities. Ignoring for years the despair which constantly confronts the jobless. Waiting for economic recovery to trickle down from the rich to the poor would not be seen as socially acceptable behaviour. Citizens prepared to seek socially just outcomes could not, in all conscience, continue to allow people without work to bare a grossly disproportionate share of the costs of unemployment. There would be an acknowledgment that those who are without work don't want a job in the long run, they want one now and whilst they are waiting for a job should be provided with a secure income set at a level sufficient to ensure it would not undermine *their* future economic viability.

This scenario is predicated upon the belief that Australians want to live in a society which is humane, socially inclusive, committed to egalitarianism, solidarity and social justice. I may be wrong and Australians may decide to reward the clever, the sneaky, the lucky and criminal individuals. This would usher in the sort of divided society about which Professor Gregory warned in his 1995 National Press Club Address.

### **The market solutions**

Unemployment, at least in the short term, is recognised by market economists to be a by-product of industry restructuring, micro and macro-economic 'reform', increased efficiency / competitiveness and globalisation. Some market economists choose to treat the resulting unemployment as an externality and therefore of little consequence. If they choose to comment upon it all, they assert that in the longer term due to a 'trickle down effect' employment demand will eventually pick up and in the long term everyone will benefit because of the increased prosperity (*contra* Omerod 1994, Langmore & Quiggan 1994, Boreham, Dow, & Leet 1999, Goodin, Headey, Muffels & Dirven 1999). This is the *look mum no hands approach* where by the economy is left to find its own equilibrium. Jane Kelsey (1995) and Brian Easton (1997) have shown that in New Zealand where this approach to unemployment was adopted with enthusiasm it did not solve unemployment nor did it result in increased prosperity for most citizens.

There is an even more vicious approach to unemployment than *look mum no hands*. This is the *it's their fault* or blame the victim approach (Ryan 1971, Bessant 2000) which conveniently denies that globalisation is a game which only the super rich can win. This approach has been around in many guises in Australia since the invasion. Indigenes and convicts were the first to feel its lash. The *it's their fault approach* suggests the reason unemployed people are not able to



obtain paid employment is the result of a failure on their part. This approach underpinned the worthy / unworthy / 'less eligibility' debates which have raged in welfare circles since the Elizabethan poor law era. It was a central feature of the post World War II 'workers welfare state' (Castles 1994) with its work testing and targeting.

Since Federation, there has been a widespread view that only some people 'deserve' State provided income support - those who are worthy. The categories of deserving clients were usually aligned with prevailing Christian sentiment, eg. widows from 1942 - yes - but not single mothers and their children until 1973. Single fathers had to wait until Margaret Guilfoyle became Minister of Social Security in the Fraser Government before they too were included. The old were worthy because it was assumed they had made a prior contribution and people with severe disabilities because it was determined that they were incapable rather than unwilling to labour. The *it's their fault* approach has recently taken on a new virulence. The ethos of the frontier is being applied. At the very time when Australia as a nation has never been richer more and more people are being included in compelled activity requirements. Government is increasingly demanding that those whose receive income support from the State establish their utility to the State.

### **Individual pathology or social citizenship**

Instead of seeing people who could work but who choose not to as problem individuals, a social model of citizenship would conceive of this phenomena as a problem for society. The solutions sought under a social model of citizenship would centre around implementing necessary changes to society in order to incorporate such people into the workforce.

There is a need to ask:

- what advantages accrue to society as a result of continuing to identify problem individuals and concentrate on them as individuals?
- Does the whole society benefit from this process or only some sections of society?
- Do powerless people benefit or only the powerful?

Are the solutions proffered meant to:

- rehabilitate these problem individuals,
- punish these problem individuals,
- disappear these problem individuals from public attention,
- accept these problem individuals,
- try to incorporate such persons into other aspects of society, or
- redefine the problems which the society recognises the individual is experiencing?

Persevering with the concept of 'problem individuals' creates difficulties for society. By making 'work' whether in the market economy or 'preparedness to work' in the benefit system the defining characteristic of inclusion, society constructs its own burden. There may have been a time when Australia really did need all hands to the pump- when every person was needed in the labour market if economic disaster was to be avoided. Those days are long passed. Since the mid-1970s the market has been totally incapable of absorbing all the available labour in Australia and in many other advanced capitalist countries (Rifkin 1994).

Instead of defining citizenship (particularly the entitlement to income support) as something that is earned, it is possible to see citizenship as something which exists as a right for all born in a particular country and all who after migrating to a country meet the requirements of permanent residency (Rees 2000).

Citizenship, in its simplest form, means 'You are one of us you have comparable rights and duties as do other citizens'. It is an act of inclusion. A citizen's right to vote and other political rights can only be removed in Australia if an individual is convicted of a serious crime. But when it comes to social services entitlements take on a special targeted categorical form. Australian governments have no difficulty constraining people's access to services and income. Denying individuals access to full social and economic human rights devalues everyone's citizenship.

Confronted by human service workers who suggest the problems which most pressingly need to be addressed are the absence of decent income support and employment opportunities, governments in the United States, Britain, New Zealand and Australia assert that **the problem** is *dependency upon the welfare state*. Defining **the problem** in these terms almost demands **the solution** arrived at is the *removal of, or substantial reduction in, welfare assistance*.

Whilst this *it's their fault* approach is normally used as a weapon against impoverished individuals it can be utilised as a tool to denigrate groups of people: 'welfare mothers' in the United States, young 'dole bludgers' in Australia, and in Pauline Hanson's Queensland it was employed to marginalise Aboriginal people. Without such a blaming mechanism and such finely tuned dependency rhetoric the Howard Government would not have been able to impose its 'Dole Diary', 'Work for the Dole' schemes and *its oh so Common* Youth Allowance. The last of these schemes reduced or abolished payments to 46,000 young unemployed Australians (Horin 1998, p. 10).

### **The Hawke/Keating solutions**

In 1986 Cass, who headed the Social Security Review set up by the then Minister for Social Security, Brian Howe, came up with *the active society* approach under this regime people who would not have passed the existing work test could still be paid unemployment benefit. Applicants needed to establish that by engaging in training or some other approved activity they were preparing themselves to escape unemployment. Cass (1988) and later Pixley (1993, *contra* Watts 1995[a]) argued it was necessary to maintain the intimate connection between willingness to work and income support. Both Cass and Pixley argued that this work willingness/income support linkage required the continuance of a targeted income support system.

In 1993 a Federal Government white paper entitled *Restoring Full Employment* declared "The loss of production through unemployment is the single greatest source of inefficiency in our economy. Unemployment is also the most important cause of inequality and alienation for individuals, families and communities." (p.1) Langmore and Quiggan (1994) produced *Work for All* which essentially proposed a rediscovery of Keynesian economics and a massive expansion of job creation coupled with work sharing. The Government white paper *Working Nation* (1994) chose not to directly tackle this "single greatest source of inefficiency in our economy" identified in *Restoring Full Employment* (quoted above), nor did it adopt the prescription outlined in *Work for All*. It opted instead to attempt to boost growth in the hope of creating more jobs and for

increased training, case management of unemployed people and a job guarantee for a limited period for long term unemployed people. By the time Labor lost office in early 1996, there had been some lowering of unemployment to 8.5% (ABS 1996) and Working Nation seemed to have for the first time since 1974 actually reduced the numbers of people who were experiencing long term unemployment following a recession (Stromback, Dockery & Ying 1998).

### **Small government for people with small minds.**

The 1996 election of a new right government in Canberra constituted a massive challenge for unemployed people throughout Australia. The Howard Government on coming to office signalled its desire to emulate New Zealand's economic fundamentalist experiment. The Howard Government, like the New Zealand Nationals, came to office after a Labor Government had started down the path towards industrial deregulation, free trade, welfare cutbacks and globalisation.

New Zealand experienced an economic fundamentalist government which introduced individualised work contract employment and a social welfare system which was incapable of ensuring the poor were provided with an adequate income or decent health services (Auckland Unemployed Worker's Rights Centre 1998, Kelsey 1995).

Howard heralded an economic paradise through lowering taxes on the rich, encouraging 'mum and dad' shareholdings, privatisation, revitalising small business, making sure the unemployed met stricter activity tests, insisting migrants are not entitled to social security for two years, reducing the size of government, smashing the power of unions, individualising work contracts and watering down unfair dismissal legislation.

These features provide the back drop to the attack on the unemployed. It is always easier to blame the victims of government ineptitude than to develop truly liberating social policies and practices (Ryan 1971). The real target of the Howard Government was the industrial and award conditions of Australian workers. However the Australian trade union movement, having learnt the lessons of the New Zealand experiment, is far more resilient than its cross Tasman counterpart. Notwithstanding the Patrick's show down on the wharves the Government is not yet ready for a full scale assault on the Australian union movement. This is the reason that the reserve army of labour is a major initial target.

There are sections of the media, such as *A Current Affair* owned by Australia's richest resident, who play a vital part in drumming up *bash a dole bludger campaigns* ( *A Current Affair* 19/2/96, 20/2/96, 4/3/96, 15/3/96, *contra* Littlemore 18/3/96). *A Current Affair* attacked "the Paxton Kids" because they would not move a couple of thousand kilometres leaving their friends and family behind. As has been pointed out it would seem the minimum requirement of the job that the Prime Minister be prepared to live in the Lodge but Howard has insisted he live at Kirribilli in order to be with his family (Toohey 1996).

### **Conscripting the reserve army of labour.**

Marxists have long pointed to widespread unemployment as a weapon capitalists use to tame their captive workforce and hold down wages (Marx 1970 Vol 1, Chs. 10,17, 22, Bottomore, Harris, Kiernan, & Miliband, 1983 pp.422- 423). In 1991 when the Liberal Party, under the leadership of John Hewson, set out the present Liberals' real agenda in *Fightback* they attacked what they called "the army of the jobless" for being a drain on "Australians in work" (Liberal and National Parties 1991, p. 18).

This style of attack on those which government and industry have excluded from the labour force is a replication of the 'bash a dole bludger campaigns' waged by Labor in 1974 and the Liberals under Fraser (Windschuttle 1981). Such campaigns aim to politically marginalise those without paid work by creating a division between those segments of the working class alienated from their labour and those alienated from the *chance* to labour.

Labor in Government from 1983-96 was more subtle when it attacked the unemployed. They mainly concentrated their efforts to delegitimise those who were excluded from the workforce through excessively targeting labour force programs and income support schemes. Though Ministers of Social Security, like Brian Howe, were not averse to using the 'dependency' rhetoric. The real pity is that there was at the time insufficient solidarity amongst those without paid work to convert Hewson's 'army of the jobless' into an unemployed workers army (Tomlinson 1994). In an other slant on this issue in the *Courier Mail's* page 1 lead story on the 4<sup>th</sup> July 2000 Michael McKenna detailed, the subsequently successful, attempts by the acting Defence Minister to introduce a scheme whereby "long term unemployed people aged 18-35 will be able to satisfy their mutual-obligation requirements if they are accepted and serve in the (Army) Reserves for six months."

During the latter part of the Second World War, once the tide had turned had turned against Japan, the Chifley Labor Government became concerned that Australian troops might return home not to a hero's welcome but to unemployment. There was wide spread concern that the very people the Australian Government had trained to kill might, if confronted with the widespread unemployment which many had experienced during the 1930s Depression, start culling surplus Labor politicians. Chifley's response was:

- to attempt to ensure job creation,
- expand tertiary educational opportunities,
- set up a Commonwealth employment finding service (which became known as the CES), and
- pay unemployment benefits.

Ex-service personnel who had suffered disabling injuries were found jobs operating lifts in Department stores or as clerks in government departments.

Activists in Unemployed Workers Unions and the Australian Section of the International Workers of the World have been concerned to conscientize people to need to stop blaming themselves - turning their despair inwards (Fanon, 1963, p.248) and to understand the reason they don't have jobs is that government and industry have failed to create employment. They have taken this position because of a belief that if same fear of the unemployed which Labor leaders had at the end of the last World War could be evoked in the minds of political leaders then sufficient jobs would be created overnight to solve unemployment. Government would soon define the solutions proposed in the White and Green Papers as totally inadequate documents

which trivialised the problems confronting unemployed people and would institute full employment programs (Committee on Employment Opportunities, 1993; Australian Government, 1994). Bessant (2000) notes that no Australian Government since Whitlam's committed itself to full employment in the sense that all wanting work will have a job.

There is another possible scenario and that is for the entire working class to recognise its essential unity and build a real workers welfare state which would ensure sharing of work, work for all who wanted it underpinned by an unconditional Basic Income (Goodin 1992). Because citizens are atomised - seeking rewards and receiving punishments as individuals - this would not appear to be a likely outcome in the near future (Department of Employment Education and Training 1998).

### **Howard: the irrational agenda**

There have been blueprints suggested which could substantially lessen the rate of unemployment whilst maintaining the existing social democratic framework and utilising economic practices prevalent within the OECD (Langmore and Quiggan 1994, Boreham, Dow & Leet 1999). Yet the Howard Government seems set upon adopting an economic fundamentalist agenda not dissimilar to that set out in *Fightback* (Liberal and National Parties 1991). The privatisation of Telstra, attacks on unions and the implementation of individualised work contracts were the main planks of the first months of Howard's Government. These agendas remain apparent through by late 1999 prime attention was directed to wards the 'problem' of 'dependency' faced by those in receipt of income support. Privatisation, attacks on unions and individualising work contracts were laid out in *Fightback* and roundly criticised (Vintila, Phillimore & Newman 1992, Rees, Rodley & Stilwell 1993, Rees & Rodley 1995). Howard's ideas for the transformation of the Australian workplace have been imported from Thatcher's Conservatives, New Zealand's Rodgernomics and American Reganomics. These ideas don't result in greater equity nor more employment, they can't be implemented without massive social costs and they are based on increasing competitiveness and often don't result even in increased production ( Lateline 1996, Omerod 1994, Carlin 1996, Stilwell 1993, 1999,2000).

Even if these ideas had worked in the 1970s and 80s they have passed their use by date if the aim is to develop a modern economy which is abreast of world events and capable of increased production without huge social costs (Rifkin 1994, Omerod 1994, Gorz 1999).

The real agenda is to reinforce the segmentation of those lucky enough to have paid employment and further divide them from those excluded from the labour market. The decision to delay welfare payments to migrants, the suggestion that because the under funded programs over which Indigenous Australians have some control have not solved *all* the difficulties which Aborigines and Torres Strait Islanders are facing proves they can't be trusted to handle money, that young homeless kids are getting money too easily, that the old are getting a free ride in nursing homes (contra Macklin 1998, Four Corners 1<sup>st</sup> May 2000) and that people would find work if they weren't encouraged to stay on benefits are but sub-themes. This political static has an important part to play in further alienating the voters from their inherent humanity. The first half of the main game is to attack the vulnerable - the young, unemployed people, the frail aged,

recently arrived migrants, asylum seekers and Indigenous Australians. After the Government has succeeded in convincing middle Australia that each of these groups of people aren't worth worrying about then it will have increased the power it has available to attack its real target - decreasing the wages of all working people.

### **Dependency rhetoric in full swing**

The incoming Liberal Government declared *Working Nation* to have been a failure and set out to demolish the training infrastructure of their predecessor. For good measure they privatised the Government employment service and dismantled the Skillshare network. By early in 2000 the Liberal/National Government managed to have the officially admitted level of unemployment come in below 7%. The Government opted for a combination of the *look mum no hands* and *it's their fault* approaches.

It might appear to the casual observer that Australian Governments are implementing a home grown employment policy. This is far from the case. As will be seen, recent changes to Australian income support policies have been influenced by social policy cutbacks in countries on the other side of the Tasman and even from the far side of the globe.

### **On both sides of the Tasman**

Partial globalisation of welfare policies has been occurring in English speaking countries since the mid-1980s. The Australian Child Support Agency was fathered in New Zealand and mothered in England before being shipped out here allegedly as an orphan. Edwards et al.(2001 pp.66-69) also points to the influence of one of the architects Wisconsin welfare cutbacks in the early stages of this policy development. The welfare cutbacks in the United States and Britain of the late 1980s were replicated in New Zealand in 1990 and Australia in 1998. The workfare schemes of the United States have been translated into 'work for the dole' schemes in Australia and New Zealand. Clinton's 'five years and you're off welfare for the rest of your life' coupled with wider Wisconsin 'reforms' were pushed as part of the National's Social Responsibility Code in New Zealand (O'Brien 1998) and Howard's mutual responsibility programs here (Tomlinson 1997). The Chair of the Australian Government's Reference Group on Welfare Reform acknowledged his committee's indebtedness to the Blair Government's 'Third Way' and to the previous New Zealand Governments 'compelled activity' policies (*Life Matters* 29<sup>th</sup> March 2000).

'Dob in a welfare bludger' hot lines proliferate. In Australia there is an incessant search for the 'fraudulent' claimant (Nolan 1997, ACOSS 2000 [b]). Dobbing in neighbours proved so popular in New Zealand that it led to gross inefficiencies in welfare policing.

Social Welfare benefits crime manager Joan McQuay says her team receives more than 670 calls and letters each week from people dobbing in others they suspect of benefit fraud.

Social Welfare announces only eighteen people have had their benefits reduced because they did not meet work tests during the first year of the programme. 29,000 people were subject to the work tests ( *The Jobs Letter (NZ)* No.77, 27<sup>th</sup> April 1998 p.2).

Economic fundamentalism is driving government economic policy in the countries mentioned above (Pusey 1991, Rees, Rodney & Stilwell 1993, Omerod 1994, Kelsey 1995, Easton 1997, Murray 1997, Stilwell 1999). It would seem logical to argue that there is an intimate connection between the economic policies prevailing in the mode of production and those prevailing in the system of distribution (Tomlinson 1989, Ch. 5).

There have always been idea transfers between countries. But something different is now happening compared with the late 1960s early 1970s. Then Australian and New Zealand social scientists avidly read journals and books, particularly from Britain and the United States, seeking the latest progressive ideas in order to attempt to improve welfare provision. Now conservative governments are looking at reductions in the social wage in each other's countries (which have been implemented without major disruption) in order they might duplicate social welfare cut backs in their own nation.

The assault upon social welfare, the social wage and industrial conditions being waged by powerful national and transnational corporations has been incorporated as current Australian Government policy. The Welfare State has also been criticised by human service and social policy critics of both the left (Gorz 1985, Stilwell 1993, Watts 1995[a], Tomlinson 1997, Rankin 1998) and the right (Murray 1997, Riches 1997, Green 1996, Selbourne 1994 ). It is therefore likely that without some innovative thinking there will be a continuing diminution of the social safety net which is supposed to sustain the least affluent. This is nowhere more apparent than in the way the Australian Government has chosen to treat people without paid jobs. Even within that group of policies which deal with those unable to find remuneration for their labour - the discrimination against young unemployed people stands out (Horin 1998).

### **In search of the 'dole bludger'**

The Australian income support system has been preoccupied with the 'fecklessness' of those who find themselves excluded from paid employment. This preoccupation has given birth to a number of myths:

- they'd find a job if they really looked,
- they are too fussy (Abbot's 'job snobs'),
- they should shift to where the work is,
- they really are working but claiming benefits too (Brough 2001[a] [b]),
- they are not job ready, and
- the benefit system is too generous (even though many unemployed people are forced to survive on income support levels well below the Henderson Poverty Line).

### **Berating the unemployed for their failure to find non-existent work**

The announcement by Larry Anthony, Minister for Community Services, that the unemployed are to have the number of jobs for which the unemployed must apply each fortnight doubled, together with an extension of the dole diary requirements makes little sense in the context of the Australian labour market where 7 people are seeking work for each job vacancy (ACOSS 2001). There are 800,000 Australian children living in homes where their lone parent or neither parent has paid employment (Reference Group on Welfare Reform 2000 [a], p.6). The 200,000 long

term unemployed have not remained without work because of their failure to fill out dole diaries or apply for 10 jobs a fortnight.

The reason people become and remain unemployed has more to do with issues such as the demand for labour, the types of skills which are in demand, the preparedness of industry and government to create jobs than with personal failures of individual unemployed people. The reasons some people do not have skills which are in demand at any particular point in history has little to do with unemployed people's preparedness to work. Many older unemployed people have work skills which are no longer in demand precisely because they had previously been in continuous employment with employers who did not foresee the need to re-skill their workforce. Many younger unemployed people have not acquired the currently desired skills because they trained for or were skilled up for jobs which have now disappeared.

Governments in Australia, New Zealand and Britain have set out to increase the job search and dole diary requirements. There has been no evidence provided in any of these countries that such requirements assist people to find work. This is in part done to discourage people who are unemployed from applying for income support.

Governments clearly they believe that some unemployed people need to be compelled to look for work. They believe that forcing people to fill out a dole diary somehow equips people to find and hold jobs. The Liberal National Government believes that forcing people to 'work for the dole' also has beneficial effects upon unemployed people's capacity to get work. They believed that making it compulsory for young people with literacy and numeracy difficulties to attend training increases their literacy and numeracy skills. The themes are remarkably constant; compulsion for the unemployed is good: and recent pronouncements indicate there is a view that it should be extended to people with disabilities and lone parents (Reference Group on Welfare Reform 2000 [a], [b]).

However this endorsement of compulsion for the marginalised, the unemployed, sole parents, people with disabilities is not a mindless endorsement of compulsion for everyone. The rich and the better off sections of the middle class are not to be coerced but rather encouraged via tax cuts, subsidies on their private health funds (Leeder 1999, Chaps.1-3), savings incentives and so forth are provided to increase their wealth. Liberals claim some historical connection with 19<sup>th</sup> century liberals like John Stuart Mills- famous for his essay on liberty. Their desire to compel is not universal.

There are problems associated with compelling people who are unemployed to meet vaguely defined 'mutual obligations'. No matter how the compliance is implemented it denigrates all unemployed people. This is because it implies that within the reserve army of labour there are some who are not only a drain on the economy by applying for the job search pittance, but also that some are not meeting their obligation to seek work.

Even if it is assumed that the Government is correct and that *some* unemployed people are not 'genuine job seekers' then all other unemployed people are 'genuine job seekers'. Given the massive increase in Centrelink compliance and fraud detection measures, the numbers of people cut off benefits by administrative fiat and the extensions to 'mutual obligation' requirements; the



percentage of 'non-genuine' job seekers receiving benefit would be infinitesimally small. The 'non-genuine' job seekers who have somehow managed to remain on the books are not likely to be offended by the denigration of all unemployed people. Nor are they likely to be caught by such crass compliance techniques because they would have to be extremely astute to avoid discovery under the current arrangements. However many of those who are desperately seeking work will be deeply offended by the suggestion they are 'dole cheats'.

Social costs and increases in violence result from government announcements which denigrate applicants for unemployment benefits. Firstly some unemployed who don't have stomach for the increased indignity which the government is heaping on them will suicide. Others, unable to confront their real oppressor, will lash out at members of their family. Some, at the point where they are 'breached' for failing to meet the latest compulsion whim of the Federal Government, will attack the officer who interviews them. They will not then be paid benefits - resulting in a short term saving to this Government. Of course the 'offending non-complier' will be jailed at 10 times the cost of unemployment benefit but that cost or a lot of it will be transferred to some state government treasury. Other unemployed people, who are struck off Job Search or New Start, will have no other option but to try to survive through illegal activity.

### **A 'compelling' history.**

In February 1999 in his Federation Address Prime Minister Howard expanded on his concept of '*mutual obligation*' and foreshadowed decreasing young people's unemployment payments if they "continued to remain illiterate and innumerate". Principles of education suggest that no young person wilfully and deliberately sets out to fail to learn how to read and count. There has been an essentially conservative thread running through the provision of income support provided by the Australian welfare state since Federation. It is the conservative rather than the liberal tradition which so distrusts the poor that it insists on compulsion of those who seek assistance is necessary not only for the maintenance of good order but also for the salvation of the poor themselves. This is so despite Australian welfare provisions being described, in the early part of this century by European welfare experts, as '*socialism without doctrine*' (Roe 1976 p.4). The first income support payments made by the Federal Government in 1908 were age and disability pensions and until 1927 they were paid by Treasury. At the turn of the century, the age of entitlement of 65, for men, closely approximated the average age of death. In order to qualify for either the age or disability pension one needed to establish oneself as being of 'good moral character'. Such requirements remained part of the Social Security system until 1973 when Bill Hayden was Minister for Social Services in the Whitlam Government.

In relation to unemployment payments, the need for applicants to establish their essentially worthy nature has been more stark. During the 1930s Depression, in order to qualify for the *Susso*, men had to undertake make work schemes designed by local authorities. In many places they were also required to move from town to town each fortnight to get their rations. In the 1970s Nugget Coombs and others re-established such make work for the dole schemes on Aboriginal communities, where they continue to this day as the Community Development Employment Program (CDEP). Asian Australians (until the 1940s) and Aborigines (until the late 1960s) were not entitled to most social security payments.

The 1947 Social Security legislation brought together in one bill many payments such as child endowment, widows, sickness and unemployment which had gradually been added to the age, and disability payments. Even though this legislation for its time was regarded as progressive and comprehensive, each applicant for payment needed to establish an individual eligibility which depended not only on their fitting the main criteria but also meeting other social requirements.

Those who were unemployed, apart from being of good moral character, had to meet the work test which required them to be fit, able and ready for work. Most of the time, from the end of the Second World War until 1974 the level of unemployment remained around 1% and the unemployed did not figure largely in the scheme of things. But when unemployment, and particularly youth unemployment began to climb in 1975 Ministers of the Whitlam Government, Clive Cameron and Bill Hayden, started trotting out cliches about 'dole bludgers' and 'work shy lion tamers'(Windschuttle 1981).

The Fraser Liberal Government continued the fine tradition of blaming the unemployed for the failure of the state and industry to find a use for their labour or to educate them for the work that was available. The mutterings of Hayden and Cameron about unemployed became a tirade against 'dole bludgers' waged by Fraser Government Ministers.

Whilst the attacks on the unemployed and particularly the young unemployed were becoming shriller, there were continuing efforts to improve the comprehensiveness and generosity of other income support provisions. Given these and the Arbitration Commission coverage, Australia could, as Professor Frank Castles (1994) suggested, reasonably be described as 'a Worker's Welfare State'.

In the early years of the Hawke Government, Minister Don Grimes expanded disability services. Brian Howe's taking over of Social Security coincided with the start of the cutbacks in human service provision and particularly income support. It was no coincidence that unemployment was rising. The Department of Social Security in its 1986 *Annual Report* boasted "there was a substantial increase in the number of unemployed over the year but a substantial decrease in the number of unemployment beneficiaries as a result of increased targeting (p. 99)".

The rate of the youth unemployment benefit did not rise during the 7 years of the Fraser Government. Hawk initially increased unemployment payments to young people but was soon to lose interest in restoring the real value to the full adult benefit level they had experienced under Whitlam. The Hawke/Keating Labor Government increased targeting (tightened eligibility) and collapsed several payments into one in a way which ensured the lowest amount was paid. Usually it was the young who missed out. Howard replicated this technique with the Common Youth Allowance and his merging of the Aboriginal Study Scheme into Austudy in 1998. Also in that year unemployment payments to 16-18 year olds were abolished.

During the early 1990s, as the rate of unemployment rose, there emerged signs that the voters were taking the threat of unemployment seriously. Labor leaders stepped up the vitriol in their attacks on the unemployed and started talking about '*reciprocal responsibility*'. As outlined in the Green Paper, *Working Nation*, this meant that in return for income support those who were

unemployed were required to do more than pass the work test: they had to undertake training or some other approved activity and the unemployed would in return be offered limited work, after a year to 18 months of unemployment.

Labor had considered but rejected a general return to the 1930s Susso type 'work for the dole schemes'. In 1998, Howard, influenced by the New Zealand conservative National Party Government's introduction of a 'work for the dole' scheme began to implement his thesis on '*mutual obligation*'. His actions replicate the cutbacks the New Zealand conservatives had made to their arbitration and welfare systems. Conservative governments on both sides of the Tasman have been influenced by the American '*workfare rather than welfare*' rhetoric and by the fear of '*dutiless rights*' articulated by the British conservative writers Green (1994) and Selbourne (1994).

Increasing the requirements expected of unemployed people before they will be provided with income support or decreasing the amount of benefit paid to illiterate and innumerate young applicants for unemployment payments derives out of a deep conservative distrust of the poor. Whether it is expressed in terms of 'dutiless rights', 'reciprocal obligation', 'mutual obligation', 'getting something for nothing' or in the Australian vernacular 'bludging on the system' it amounts to the same thing.

In Australia the government specifically singled out the *young* people when introducing the 'work for the dole' scheme before extending it to older Australians. Politicians, when they diminish entitlements or increase requirements upon young people, know the approach will be popular with older citizens because they are tapping into a general feeling that the young have not earned an entitlement and are generally not trustworthy. There is a different order in the Howard Government's decision to specifically target young people with reading and learning difficulties. The people who will suffer from this policy initiative are the least skilled, least schooled and least powerful. They often come from migrant or Indigenous communities. Many are intellectually disabled or marginalised in other ways and are some of the poorest members of this society. They are the group least likely to vote Liberal if they vote at all. Whatever happens to them, they are the group least likely to benefit from the educational and technical revolutions.

The 'literacy' policy is interesting in another regard and that is its class based interpretation of work. In Australia since the 1940's applicants for unemployment benefit have had to show a willingness to work- any form of work. This new policy ignores the fact that many jobs, still needing to be done, do not require them to be done by people who are able to read, write or count. The demand for workers to do those jobs may have decreased but such jobs still exist in considerable numbers. This policy downgrades the dignity of all labour done by people without reading skills.

### **There is plenty of work to do**

Governments are unlikely to realise they have to jettison their plans to keep over 2 million Australians unemployed, underemployed or discouraged from seeking work unless progressive sections of the society campaign to force them to change. One of the ideas which economic fundamentalists have successfully planted in the public's mind is that the economic cost of

abolishing unemployment would be economically irresponsible. This idea arises out of the argument that 'the invisible hand' somehow dictates supply and demand and keeps the market in equilibrium.

If activists are to convince governments to adopt new solutions to unemployment they will need to build an alternative way of relating to fellow citizens. This necessitate jettisoning many of the economic fundamentalist ideas which now clutter intellectual saddle bags. Part of the solution is develop a critique of the economic fundamentalist mind set.

Stripped of its finery economics is about how we exchange our surpluses, whereas as a science it has somehow been transformed into an economics of scarcity where everything is expressed in monetary terms. We have created the shadow of scarcity, the polar shadow of which is greed. This is fuelled by the dominant world paradigm based on rationality and self-interest. Fortunately we are not always rational and will cooperate when we really come to know and trust each other and have the power and resources to implement solutions. This is the foundation to an economics of abundance - of labour, goodwill and renewable resources (Fricker 1998, p.1).

A major obstacle which needs to be surmounted, if governments are to be convinced that they can afford to abolish unemployment, is establishing that the solutions as well as being socially useful are not economically irresponsible. Most ministers will accept that there is socially and environmentally useful work which could be, even needs to be done, the question is how to pay for it.

Of course such a change would necessitate expanding massively intellectual and productive effectiveness, Australia would no longer be able to ignore the creative ideas of its citizens or to let their creative ideas drift off shore as happened with the orbital engine, gene shears and other Australian innovations. It would mean corrupt business and the 1980s style of entrepreneurial arrogance, criminality and stupidity would need to be seen as unaffordable.

Work will need to be done to convince the public they can no longer afford to prop up the insurance / superannuation industry with ever increasing amounts of public money, when they have patently shown that without massive tax advantages superannuation is a very inefficient savings or investment process (ACTCOSS 1991, Pha 1992, *Financial Review* 1991, p.16). Even if it was an effective way of increasing personal wealth, there is nothing in the corporate make up of the people who decide investment priorities for the funds to suggest they would ever put long term national interest ahead of turning a quick buck for the company.

The authors of *Work for All* laid out a blueprint which could reduce unemployment to 3% in a couple of years (Langmore & Quiggin, 1994). Recently their analysis has been supported by research undertaken by Boreham, Dow and Leet (1999). Langmore and Quiggin's plans include massive job creation in the human services and environmental projects, governments becoming an employer of last resort, social and economic infrastructure developments, some redefinition of work, job sharing, humanising employment and redirecting macro-economic policy away from narrowly defined efficiency targets towards social and economic effectiveness targets (Langmore & Quiggin, Chs. 8-11). Their plans are predicated upon a Keynesian boost to the economy, the installation of a more progressive taxation regime and some borrowings. Their plans are in no

way economically irresponsible, given that budget outlays and losses to revenue as a direct result of our levels of unemployment are in the order of \$20 billion annually. "The proposed net increases in government expenditure would be less than three per cent of GDP and would still leave Australia as one of the lowest taxing, lowest spending countries in the OECD, with a similarly low level of public debt" (Langmore & Quiggin, 1994, p. 144). The major shortfall in Langmore and Quiggin's analysis is that they are still tied to the idea that the poor should sing for their supper - that the unemployed should in some way justify their being provided with income support by undergoing training or study, volunteering, or making some other compulsory contribution to society. This active citizenship concept is enshrined in Labor's White and Green Employment Papers, in the Cass' review of the Social Security system, in the works of writers like Pixley and Probert and by the Liberal Government (Committee on Employment Opportunities, 1993; Australian Government, 1994; Baldwin, 1995; Cass, 1995; Pixley, 1993; and Probert, 1994, Newman 1999, Reference Group on Welfare Reform 2000 [a], [b], Latham 1998, *contra* Watts 1999).

There are additional progressive ways to remove the scourge of unemployment entirely which could be built upon the *Work for All* framework. The first step is to introduce a non-presumptuous social security system (Goodin, 1992). This would necessitate severing any link between income support and employment, jettisoning targeted income support, ending once and for ever the artificial distinctions which current worthiness based categories of assistance maintain. That is, introduce a Basic Income as the social foundation on which to set out to build a solidarity between all permanent residents of this country.

The second step is to place this nation on a peace footing by building sufficient houses to accommodate the homeless, upgrade community services to a point where Australians might take pride in the way citizens who experience disability or disadvantage are treated, ensuring educational facilities have sufficient resources to allow all residents the opportunity to reach their optimum education, expanding environmental research in order to halt species extinction and ensure a sustainable future.

The third step involves recognising that the increasing number of aged people in the Australian population will *not necessarily* create an unaffordable drain on public provision of retirement incomes. Such a recognition will become easier once it is acknowledged that dependency ratios - those in and those out of work - in 2040 are not necessarily going to be very different from the current dependency ratios. Many older people may choose to stay in employment longer. Australians would have to get serious about abolishing ageism and utilising the skills of all Australians who wanted to work (Theobald 1998). The adoption of universal income support in the form of a Basic Income based on the individual and which made no presumptions about social features would be integral to such processes.

To the extent that environmental problems, such as salinisation of the Murray/Darling River system can be overcome via CSIRO developed 'smart trees', economic efficiencies are created which lower the cost of rural products and hence enhance export opportunities which creates work in Australia.

To the extent Australians can ensure environmental sustainability and diversity this will enhance the prospects of increasing eco-tourism (the largest growth area of world tourism). As Australians become obsessed with the beauty of nature in this country the greater will be the number of them who choose to tour here, creating jobs locally and limiting the outward flow of capital.

To achieve this would necessitate coming to a proper reconciliation with Aborigines in relation to land, resources and the *criminal* justice system and recognising Aboriginal sovereignty as coexisting with other forms of sovereignty in the land mass the invaders chose to call Australia (Tomlinson 1996). In coming to find a way to recognise the sovereignty of Aborigines of their country Australians would have to come to an understanding with Aborigines and Torres Strait Islanders in relation to the rape, invasion, murder, brutality, theft, cultural imperialism, attempted genocide, and public ignorance. Something would have to be done about the *criminal justice* system which incarcerates far too many Indigenous people (Cunneen 2001). The money wasted jailing Aborigines could be put towards Aboriginal communities controlling the economic development and increasing the number of real jobs on their land. These issues will be examined further in Chapter 6.

Before such efforts were taken towards solving unemployment there would need to be a realisation firstly that government and industry policies cause unemployment (Boreham, Dow & Leet 1999). Secondly the solution to unemployment does not lie in economic policy but in social, political, moral and ethical choices capable of being made by Australian citizens. Thirdly solving unemployment is not without pain nor without gain and it is not only economically achievable it is an economic necessity. Langmore and Quiggin have laid out a workable blue print which could go a long way towards the solution.

Abolishing unemployment will necessitate the development of sufficient public trust of fellow citizens as to allow for the introduction of a Basic Income, based on the individual, as the corner stone of social welfare and labour market programs. The Basic Income policy proposed here would free all Australians to be productive. Once that was in place all it would take is the ingenuity to create sufficient jobs for all who want them or to share all the available jobs.

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# 5 Locality

## Locality

This chapter will concentrate upon non-Indigenous country people; but it needs to be remembered that in vast areas of remote Australia Aboriginal people constitute more than half the population.

The image of the tanned, weather beaten grazier clad in dusty moleskins, a two pocket shirt, R.M. Williams riding boots, and wearing a battered Akubra whist rolling his own as he leans against the farm fence is a stereotypical image of Aussie manhood. The bulk of the Australian population lives in urban conglomerates strung out along the coast and for many the closest they get to the country is when they pass through farm land on a day trip to a national park in their air conditioned four wheel drive.

The growing influence of women in senior management in many aspects of agribusiness simultaneously undermines this 'blokey' image of bush life and Henry Lawson's (1974) caricature of the *Drover's Wife*.

Those who live in the centre of the continent have their own laconic stories about city slickers arriving the station homestead exclaiming 'Geez, you live in a remote region'. To which the rejoinder by the squatter is 'No this is local it's just that the city is so far away'. In rural and remote Australia - apart from the lack of or excess of rain, the bastardry of the banks, poor commodity prices, the uncaring nature of government, and the absence of necessary services - country people tell stories of people who are living in even more remote regions and of how tough those people are finding it. For most of the last two centuries politicians made their reputations taking such stories to the cities and returning occasionally with some concessions (a new bridge, a health centre, or a school) for those who live in the far flung parts of the continent.

In the last half of the 20<sup>th</sup> century, conservative Liberal and National Party politicians have held sway in the bush. But this was not always the case. The infamous Queensland gerrymander which favoured country electorates over city ones was begun not by Bjelke Petersen in the 1960s but by Labor in the 1920s when they held the majority of country seats.

There have been times during the last century when people living in the bush were making a decent living from the land they farmed and grazed. During the last two decades of the 19<sup>th</sup> century and the 1930s depression life in the bush for most farmers was hard. Some families made their fortunes in the bush and some own such vast areas of land that their holdings are larger than some countries. For most of the period since the end of the second world war the majority of non-Indigenous people living in the bush have made enough to get by on or lived on what they could get. Recently the pace of change in rural Australia has quickened and this is having a considerable political impact.

The number of jobs available in rural Australia has been decreasing steadily for at least the last three decades largely in response to agribusiness taking over small farms. The Queensland Department of Primary Industries (2000 p. 3) announced a significant increase in primary industry jobs during the previous five years. Jyothi Gali, a senior research Officer with the Department advised this increase was a result of increased investment in aquaculture and

intensive horticulture, particularly tropical fruits. Since the 1950s for most of the young people who got to high school in rural and regional Australia there has been a consistent pattern of migration to the cities when they finish school.

The substantial increase in agribusiness (Lawrence 1987, Boland 2000 [a] 24<sup>th</sup> May p.13), improvements in farm equipment meaning less labour is required, improved vehicles and roads making access to larger centres possible, competition policy, bank closures, hospital closures, low commodity prices, deregulation of rural industries, amalgamation, takeovers or closures of rural processing plants, lowered farm subsidies and other impacts of the globalised market economy have contributed to population decline and have adversely affected non-city Australia.

These changes have been observable for a long time ( Lawrence 1987) but the bush was seen as expendable. The Federal Labor Party, when in office, considered country voters were unlikely to vote for them and the Coalition considered that country voters had no alternative but to vote for them. The Labor Party, when in office, made a similar error in relation to low paid workers and the unemployed.

None of the parties counted on the working class turning against Federal Labor in 1996, the rise of the One Nation Party, the regional and outer suburban backlash to Kennett in Victoria, the attractiveness of Brack Labor and none anticipated the unpopularity of the Howard Government in the bush. Acknowledging the Coalition had a problem in the bush, Prime Minister Howard claimed 'a red light will go on in ministers offices when the bush is adversely affected' and was regularly seen wearing an Akubra hat.

The Howard Government realised it had a problem but not the depth of the problem. The reality is that when country people talk about the pressing problems experienced by those living in remote parts of Australia they are usually not discussing the lives of others but their own lives as they struggle to cope with the pressures of globalised free trade which finds expression in the bush as competition policy, low commodity prices and decreasing services.

The ideologies which informed the Howard Government's economic liberal and social conservatism policies worked for and against it as it tried to cope with the backlash from the bush. But it is the essential nature of urbanism which will undermine its efforts to restore the Coalition's brand name in the country.

## **Urbanism**

The concept of urbanism derives out of the development / underdevelopment, North / South debate articulated by Andre Gunder Frank (1969, 1971, *contra* Packenham 1992, Ch. 5). The essence of Frank's original thesis is that;

underdevelopment was not an original stage, but rather a created condition; ...he pointed to the British deindustrialization of India, the destructive effects of the slave trade on African societies and the destruction of the Indian civilisations in Central and South America (Hettne 1995, p. 63).

The underdevelopment debate grew out of the colonial / anti-colonial analysis of the 1940s, 50s and 60s. Frank (1994) has reworked some of his earlier "Eurocentric" approaches to

development and consequent underdevelopment and now believes countries and areas subjected to development have a greater capacity to affect the course of their history. This modification of his position does not alter the basic proposition about the power of urban conglomerates to create underdevelopment in the surrounding countryside but perhaps goes some way towards explaining why some country areas cope, with cities attempting to under-compensate their regions for resources which are extracted, better than other regions. Frank (1994) contends that a region's capacity to influence outcomes is constrained by the increased power of giant corporations in a era of increased globalisation (Leys 1996, Chs. 1 & 2).

Third world writers (Fanon 1967, Cabral 1973) have pointed to the exploitative nature of cities and the role that cities have played in the colonial process of denuding the adjacent countryside of resources which were then either processed in the cities or simply exported through them to the colonial country. Hugh Stretton (1978) became fascinated by the attempt in Cuba, during the 1960s, to balance development in both cities and in the areas from which raw materials were traditionally sourced. The catch cry became "urbanize the countryside and ruralize the cities" (Stretton 1978, p 126). Pol Pot, in Kampuchea, will undoubtedly be seen as the promoter of the ultimate anti-city ideology.

The city versus country debate in Australia often ignores the need to ensure that cities do not monopolise all the valuable resources from the surrounding countryside and leave the non-urban areas with a low standard of living. In Australia urban centres, particularly capital cities, suck resources and people from the surrounding countryside and are the places where the best products and greatest range of services are provided with the greatest frequency. As a consequence the bush is more likely to be without services. When services are available they are often infrequent and supplied by less qualified staff.

Discrimination on the basis of locality has not been afforded the attention it deserves. One possible reason for that is that unlike gender, age or race, place of residence can be changed simply by leaving a particular locality. In mobile societies such as Australia for most people any discrimination they encounter as a result of living in a particular locality is of a short term nature. But there are groups of people who spend their whole lives in areas where comparatively few social services are provided. Anyone living outside a narrow band of land bordering the Pacific Ocean adjacent to the major cities, or near Adelaide or Perth, receives fewer services than people living inside that band. The further one resides from major urban centres, the greater the decrease in services.

Even when government policies are meant to cover an entire population they often act against the interests of rural people. The Federal Government in the 1998 Budget introduced a \$1.7 billion fund to pay a third of the private health insurance costs of citizens. This subsidy halted the fall in the percentage of people who have private health insurance. The majority of privately insured are on incomes in the top one third of the population (Leeder 1999, Mc Aulay 1993). In *The Australian's* 5<sup>th</sup> May 2000 lead story John Kerrin wrote "People with health insurance represent 32 per cent of the population, concentrated in a number of city seats, particularly in Sydney and Melbourne, which the Government needs to hold to retain office." Had these funds gone to improve the public health system, people in the bush might have seen waiting lists at their nearest hospital substantially reduced.

The concentration of goods and services in the major population centres, to the exclusion of services to rural areas, is a major cause of the unequal treatment of poor people in Australia. It affects both white and Aboriginal people in Australia, but because Aborigines suffer more poverty more frequently, have poor employment prospects and because of their low literacy levels, they are particularly disadvantaged by living in remote areas (Drakakis-Smith 1991, p.222-227).

*Australia's Health* (AIHW 1998) demonstrates that locality discrimination occurs within and around cities in much the same way that country people are discriminated against. The neglected parts of the city and outer suburbia are the habitat of what in current political parlance has been termed 'the little Aussie battler'. The main features of such regions are poorer housing, fewer employment prospects, inadequate public transport and insufficient health and welfare services (Stilwell 1993[a] Ch. 6 & p.251, 1999, Dollery & Soul 2000)

The discrimination flowing from urbanisation is most oppressive when regional and remote locations are denied access to basic services. Clearly leading medical specialists and cutting edge teaching hospitals are going to be located in areas of high population and people who need access to such highly specialised services are going to have to travel to cities for treatment. This does not excuse the absence of basic health facilities in areas of Australia where health needs or population strength demand it.

The discriminatory effect of urbanisation is not always intentional, sometimes news of innovations in services or products has not reached the bush and demand has not developed.

It is not possible to take seriously the suggestion that the needs of isolated people in rural areas can have totally escaped the attention of the Department of Social Security. Yet it was not until the late 1960s that the Department began to address the problems experienced by people in remote areas and, since then inadequate time, energy and money has been committed to this problem. Much of the publicly available information about benefits sits on display racks in Centrelink offices in major towns in a written form. This creates added difficulties in rural areas where illiteracy rates are much higher than in cities where social welfare advocacy services exist. The Department has experimented with audio and audio-visual cassettes in a number of languages. In recent years the expansion of call centres has resulted in increased access to information about services. But call centres staffed by people who have only the most basic knowledge of programs and who are unlikely to understand the issues faced by people living in remote locations amount at best to a limited service.

In the late 1970s, the Department of Social Security began to address some of the issues raised by the urbanist nature of its administration by:

- the employment of Aboriginal liaison officers in isolated Aboriginal communities,
- the decentralisation of offices from the cities to major country towns, and
- the use of agents in small country towns to assist rural people to make claims.

There has been some degree of bipartisan political recognition of the neglect of people in rural and remote areas. In 1976 the Fraser Government introduced special Unemployment Benefit conditions for farmers experiencing financial difficulties. And in 1983, partly because of the

recognition of the extra costs of living incurred in remote areas and partly because people in remote areas were seen to receive less value from fringe benefit schemes, the Hawke Labor Government paid an additional Zone Allowance on many benefits and pensions to people living in isolated areas. The areas covered by this provision were based on the Taxation Zonal system which had long recognised that extra costs of living were incurred by employed residents of such areas. Recent Federal budgets have attempted to assist farm owners experiencing income shortages by easing asset test eligibility requirements on a range of social welfare payments.

### **Rural people and welfare programs**

Rural people are at a particular disadvantage when serviced by specialised programs. The more specialised the program the less likelihood there is that there will be an office in their region which deals with that program. Even if there is a regional office responsible for administering the program, it will be staffed by a small number of personnel who will also have responsibility for many other specialised programs. The staff will, as a consequence, be poorly informed concerning the detail of any particular benefit compared with officers in a capital city who might deal only with that specialised benefit.

The sheer complexity and diversity of welfare programs which make up the Australian welfare system is of such an order that very few welfare operatives would be able to list more than half the governmental programs operating in their city, let alone to detail all the various eligibility requirements. When specialised programs are offered to the public it is the articulate middle class who are most likely to benefit from them. The poor lack confidence to seek and enforce their rights even when they are literate and reasonably sophisticated in their dealings with welfare bureaucracies. Because of their high rates of illiteracy, Aboriginal people living in isolated areas, are even less likely to know about specialised welfare programs than are rural white Australians.

### **The nature of land '*ownership*' in the bush**

Farmers, squatters, and their families are defined as part of the owning classes, many may not own much and many of those who own anything own it jointly with the bank. Those who work for the owners of properties derive their income from their relationship with the proprietor of the owned land. Much of what happens in rural and remote Australia centres around property ownership. The existence of the economic downturn in rural Australia was noted earlier. Many non-Indigenous people in rural Australia are seeing the returns arising from their relationship with *owning* land diminishing.

The more remote the property from centres of 'civilisation' the greater the prospect that the dispossession of the Indigenous inhabitants occurred recently. It is probable that the present '*owners*' of the land will be conscious of the dispossession. Just as in earlier frontier society, there is the likelihood of increased intensity of debate about the dispossession (Reynolds 1998). Also, as in the earlier period of colonisation, there will be a small number of the non-Indigenous population who will be sympathetic to the Indigenous claim to land and a large number of people who will defend the dispossession ardently (James 1989, Reynolds 1999). It is in such parts of the country that the thesis is most firmly held that 'black fellas did nothing with the land so until



the arrival of white fellas the land was useless. Now that whitefellas have done all the development (read improvements) the blackfellas want it back.' This type of statement is usually followed by the suggestion that 'even if you *gave* the land back to them blackfellas would be too primitive, lazy, stupid, uneducated, or drunk to do anything with it.' Despite the fervour with which such views are held, examples abound to disprove this thesis.

The Northern Territory the Land Right's Act has been in place since 1976 and extensive areas of land have returned to Aboriginal control. This has resulted in the creation of many economically viable Indigenous enterprises - particularly in the tourist and cattle industries (Crough 1993). The Mabo, Wik, and Miriuwung Gajerrong court decisions and the various versions of the Federal Native Title Act are widely discussed in rural Australia. Unfortunately much of the debate is ill informed. The bulk of the non-Indigenous population of remote regions has been placed in the situation where the exclusive rights to land, they believed they had, have been found, by the High Court, not to exist. Simultaneously, the courts have determined many of the rights to land which pastoralists denied Aborigines have been found to exist and to be enforceable by Indigenous people.

The sense of shock experienced by many non-Indigenous people living in rural and outback Australia was palpable. The very people whose fortunes more than any other Australians depends on the vagaries of the weather, expressed their outrage at the change in legal understanding of their property rights by demanding that the Government provide them with '*certainty*'. (This was code for the removal of the property rights of Indigenous Australians.) The up roar which followed in the wake of the Mabo and Wik judgements seemed to city people to be out of all proportion; given that what the High Court found was that Native Title rights were subordinate to the rights of those who held leasehold or freehold title.

For many non-Indigenous people living in regional and remote Australia their continuing livelihood is threatened by global free trade outcomes which they feel powerless to effect. Simultaneously one group of people they have been in the habit of treating dismissively are gradually making some headway, this leads in turn to increased hostility towards Aborigines.

It is a small step for conservative politicians speaking about the sanctity of property rights (as understood by settlers since the earliest days) to be speaking against others' property rights (Indigenous people's property rights) which the highest court in the land has found to exist under British common law. It is very easy to stir up racial hatred in such situations.

Following the Wik decision, Prime Minister Howard's appearance on national television holding up a map of Australia (prepared by the pastoral lobby) which purported to show 78 % of the entire land mass was open to claim by Indigenous Australians when the Courts had clearly ruled that this was not the case was extremely provocative (Gordon 22-23<sup>rd</sup> November 1997 p.23).

### **The ideologies of the Howard Government**

The ideologies of the Government which it believed would assist it being re-elected were those of conservatism, particularly social conservatism, and racism. The political problems most frequently identified in the bush are competition policy, service inadequacies, and government

intervention. Competition policy can be portrayed as anything from workers on the shire road gang getting sacked because a private city based provider won the contract, to low commodity prices or processing plant amalgamation. Service inadequacy is played out in Telstra ownership debates or bank and hospital closures. Government intervention, since the Port Arthur shootings, means restricting gun ownership. Government intervention is not something country people associate with disaster relief or farm subsidies.

Formal education levels in rural and remote areas are considerably lower than their city counterparts and this has a conservatising effect upon social attitudes in rural areas. Conservative values are reinforced in the bush because country people are not exposed to the day to day interpersonal contacts frequent in cosmopolitan cities (Antonios 1999). Henry Lawson (1970) in his poem *Peter Anderson and Co* summed it up this way:

And he drifted to a township where the city failures go,...

In a town of wrecks and failures they appreciated him-

Men who might have been, who had been, but who were not in the swim.

The other conservatising feature of life in country towns is the fact that everyone knows everyone else's business or it is thought that they do. This makes it harder for people living in the bush to take independent stands on social issues. Such uniformity of opinion is reinforced by the mystification of mateship.

Historically rural dwellers were forced by sheer necessity to engage in forms of mutual helping. This necessity arose out of the neglect of country people by authorities in the cities. There has been within Australian welfare circles a very convenient belief that somehow people in rural areas join together and ensure that disadvantaged people are assisted by their neighbours to see to their own immediate welfare crises. This myth is part of the more general myth of Australian mateship, which some city people contend still exists in the bush. Studies by the Poverty Inquiry showed that whatever assistance the more affluent in rural areas are capable of organising, there are many people experiencing poverty who are excluded from local helping arrangements (Nelson, et al, 1974, Musgrave, et al, 1975, Vincent 1975).

The assistance which was provided was a very selective form of communal help - long after indigenes had their land stolen they were excluded from such co-operative efforts. City people may idealise the support systems in the bush perhaps because those helping arrangements which do exist are a far cry from socialism - they amount to a rural version of liberal self-help (Lawrence 1987).

There are very real socio-economic pressures impinging on the bush. Rural people daily confront a lack of services and facilities. The Human Rights and Equal Opportunity Inquiry into people in regional and remote areas revealed they often feel alone, isolated from peers and other community members and are very conscious of the lack of service provision available to them (Sidoti 1999).

Because the mateship which exists in country Australia takes the form of limited mutual self-help rather than solidarity, mateship can't address many of the interpersonal issues which affect country communities. The increasing suicide levels in non-urban Australia, particularly those of young men, have alarmed people living in the bush. Such deaths surprised city people who had a

stereotyped image of rural living as a place where the pace was less hectic, where stress was lower and where mateship cured all. This nostalgic look at the country forgot to include the fact that bushmen are firstly men - that mateship in rural Australia implies maleness. The second thing which city people failed to take into account in this regard is that Australian men, particularly those who live in the country have a tendency to be taciturn when it come to discussing feelings. The reality is that the bush has not escaped the impact of economic rationalism, globalisation, and industry restructuring, all of which have increased feelings of uncertainty and brought in their wake increased unemployment. Coupled with this is the absence of counselling services and structured opportunities to discuss such turmoil. Given that, it should come as no surprise that the lack of employment opportunities in local regions is a major factor in rural suicide of young people (The National Youth Suicide Prevention Strategy 1997-2000, Sidoti 1999, p.4, Hall & Tomlinson 1999). Mutual self-help, as opposed to solidarity, is not of much assistance when the farm is increasingly becoming part of a world market place which is committed to advancing competition and survival of the fittest.

### **Greenies, blacks and other irritants**

There are increasing economic pressures emerging in the bush as a result of global free trade. Many farmers and pastoralists are trying to counter such economic pressures by increased production either by adopting more intensive farming practices or expanding the number of hectares in production; either of which can draw the ire of conservationists. Though some country people are ardent conservationists the bulk of support for the major conservation groups is derived from people who live in cities. In the cities a resident can be fined \$5,000 for clearing one tree without City Council permission. Urban conservationists were outraged when it was revealed that Queensland farmers cleared 400,000 hectares of bush in 1999. The failure in late 1999 of the Commonwealth Government to reach agreement with the Queensland Government about ways to compensate farmers for preventing further clearing had the effect of ensuring wholesale clearing continues.

Conservationists have an interest in the bush which is far wider than maintaining any particular farmer's operating account in surplus. Their estimate of the worth of Australian plant and animal species is often at variance with that of the majority of farmers. Conservationists have a longer term outlook, that is, they can see beyond this year's harvest. They are interested in preventing salination, deforestation, species disappearance and research into the connection between them. This is why they are pilloried in many parts of the bush and presented as anti-productivity and anti-wealth. They are seen as interferers in the lives of rural people.

The issues which the major conservation groups are addressing might be as general as cutting greenhouse pollution or koala protection but as soon as any protective measure is sought it has an immediate impact on a farming / pastoral family or company. The destruction of the last 50 hectares of mahogany glider habitat in a sugar cane growing district might be prevented by a conservation order which seems unfair to the farmer who has seen his neighbours encroaching on the mahogany glider's habitat for decades. Maintaining 10 per cent of brigalow country could be seen as stupid 'when it only becomes valuable, as pasture, once the trees are knocked down and it's pretty boring country anyway.' The ploughing of 5,000 hectares of the endangered plains

wanderer's range for rice cultivation by one of Australia's largest farming companies would have been resisted by conservationists had they had prior warning.

Most farmers work very hard for little return. The real issue is not conservation but maintaining a secure income. Farmers are unable to influence the controllers of the world's market places to pay a decent return for product. They are unable to convince their government to ensure farmers have an adequate income. But they are able to hurl abuse at conservationists. The time might come when farmers see conservationists as people with ideas for increasing future farm viability. But for this to happen some of the intensity of the struggle just to survive has to be removed, for instance by providing a Basic Income. When Graham Richardson visited the Atherton Tableland to inform timber workers of the end of old growth logging in their rain forest he needed police protection to prevent his being set upon by an angry crowd. Richardson had come to announce substantial Government financial restructuring assistance for the timber getters and millers. Within a few years the returns from increased tourism outweighed the financial loss from timber production.

Farmers unable to confront the controllers of global free trade as well as the Australian politicians who oversee the implementation of the free trade agenda in this country turn their aggression towards those close at hand over whom they have power.

Psychoanalysts might explain such phenomena as a form of displacement where the object/person who causes the aggression is too remote, unattainable, powerful or threatening and so the person who is upset by their boss comes home and kicks the cat or gets grumpy with the children. But there is a different order of objectification at play between the non-Indigenous and Indigenous country dwellers. It requires an intense level of reification to convert people with whom one went to school into land rights claimants, black bastards, etc. The mechanisms inherent in maintaining this closed circle of violence was explained by Fanon (1967, pp. 246-250).

Feminists have done some interesting work on the way those who inflict aggression / violence on others tend to hate the victim rather than feel sorrow for the aggrieved party or guilt about their violent behaviour (Laing 1999, Shaw, Bouris & Pye.1999, pp.242-253, Breckenridge 1999).

### **Winners and losers in the bush**

In April 2000 Prime Minister Howard visited the holocaust museum where he wrote his apology as to the Jewish people for the holocaust. This stands in stark contrast to his consistent refusal to apologise to Indigenous Australians for the stolen generations, reluctantly agreeing instead to an expression of 'deep and sincere regret'.

Howard's constant refusal to apologise to Indigenous Australians despite calls from the Aboriginal and Torres Strait Islander Commission, the Human Rights and Equal Opportunity Commission, the Council for Aboriginal Reconciliation and a multitude of progressive community groups may or may not be because he personally believes that the present generation of Australians should not be forced to apologise for the wrongs of earlier generations. But it is

populist politics. The Council for Aboriginal Reconciliation's (2000) own surveys of popular sentiment reveal overwhelming support for Howard's stand on many Indigenous issues.

The failure of the citizens of this country to accept the great wrongs perpetuated against the Indigenous peoples from the invasion to recent disposessions structures race relations in this nation. Other ethnic minorities encounter flow on effects when they move to rural areas (Antonios 1999). Past injustices inexorably lead to current inequalities. Even where there is some recognition that the breaking of Indigenous communities relationship with their traditional land creates religious and cultural difficulties there is a refusal to see the economic consequences for Indigenous people which flow from the seizure of their economic and spiritual base.

There is even less acknowledgment that the disparity of wealth between the Indigenous and non-Indigenous populations is a direct result of the fact that non-Indigenous people have a virtual monopoly on land, animals, plant products and minerals- in brief - the economy. The view is widespread in country Australia that 'western civilisation', capitalist production, and economic 'development' is the only form of *economy*. There is almost no recognition in the bush that the modern Australian economy was built upon the destruction of the Indigenous economy.

### **Affirmative action**

The intention of affirmative action programs is to reverse the impact of hegemonic discrimination. No one who has seriously considered the socio-economic, health and educational statistics of Indigenous Australians could doubt that when compared with the non-Indigenous population Aborigines and Torres Strait Islanders as a group are financially worse off, have less schooling and experience greater morbidity and mortality rates than Australians generally (National Aboriginal and Torres Strait Health Clearing House web site, ABS Cat. No 4704.0, 1999, ABS & AIHW 1999).

But there are some whites, mostly in the rural and remote regions, who experience similar educational, health and economic difficulties as do Indigenous people. Groups like Katherine's *Rights for Whites* in the 1970s and the One Nation Party in the late 1990s locate such individuals and use them to push for the ending of affirmative action programs for Indigenous people by claiming they want '*equal rights*' for all, not '*special rights*' for '*privileged*' minorities.

Anecdotal 'evidence' of many whites missing out becomes very hard to refute because some whites particularly in country Australia do fall through the social welfare / education / health safety nets. They feel justifiably let down. One response to this feeling of disappointment is to propagate the myth that 'Aborigines get paid hundreds of dollars a week by Government to sit on their arse and drink piss.' None of the people who have told me this can provide the name of the Department, the name of the allowance, or provide any further details yet adamantly claim such payments are a fortnightly occurrence.

Programs such as the affirmative action program called the Aboriginal Benefit Study Scheme (Abstudy) was set up in the 1970s with the aim of retaining Indigenous children in high schools and encouraging them to go on to university. By 1998 there was still some financial advantages being on Abstudy compared with Austudy, the general student financial assistance scheme.

Furthermore the existence of Abstudy was widely known in both the white and Aboriginal communities. The visibility of some affirmative action programs makes them an easy target. The Howard Government amalgamated these benefits. Not surprisingly, those components of Abstudy which provided advantage to Indigenous students have been abolished. The *comparative educational disadvantage of Indigenous students had not been abolished* but the sense of ownership which Indigenous people had of this scheme was gone and with it the clear connection between Indigenous students and education (Bullimore & Green 2000 24<sup>th</sup> May, p.15). If equity of educational opportunity was the pressing issue the 'special' advantages applying to Austudy could have been extended to all students.

Programs and services widely accessed in major urban centres but rarely if ever available in rural areas are rendered 'invisible' through an interesting process. In the cities they are regarded as unremarkable because of their ease of access and in the country they are either not known about or not expected. There is some anger directed at spoilt, pampered city folk but it never reaches the level of frenzy which can attach to affirmative action programs designed to promote Indigenous people's interests.

When the Human Rights and Equal Opportunity Commission (Einfeld 1988) revealed the deplorable neglect of services provided in Toomelah (the Aboriginal community) compared with service provision in the rural townships of Boggabilla and Cunnamulla 20 odd kilometres away) there was not universal outrage expressed in the bush about a small community being discriminated against by state, local and federal governments. The prime topic which occupied the local non-Indigenous community was maintaining continuous access to a lagoon where they waterskied; access which Aboriginal people wanted curtailed because of its spiritual significance. Local Indigenous leaders also claimed speed boats had caused environmental damage. It took nearly a decade for this issue to be conciliated and a ban on water sports was to come into effect on the 1<sup>st</sup> July 2000. In May the Federal Minister for the Environment postponed the ban for another year (Meade 2000 24<sup>th</sup> May, p.7). The ban on powerboats was postponed to May 2002 by the Environment Minister Robert Hill (Buchhorn 2001).

Although World Trade Agreements Australia has signed have led to a reduction in the generosity of farm subsidies ( forms of affirmative action directed towards improving the lot of rural producers) there remains considerable preferential tax, rural assistance, and land ownership legislation which is specifically designed to help rural producers.

### **Equal rights / special rights / equivalent rights**

Affirmative action programs so easily become in some peoples' minds converted from ending discrimination to providing advantages to minorities. Programs which set out to provide *equivalent rights* are challenged by alleged advocates of *equal rights* who accuse the programs of providing *special rights*. From Oregon to Alice, from Ernabella to Alabama this process keeps repeating itself (*Ballot No. 9*, Rioux 1999, Gustavsson 1999, Boland 2000[b]).

In political circles there is an accepted wisdom that removing privilege (increasing one group's share of the pie at the expense of another) is more likely to evoke unrest than setting out to

increase the size of the pie to be shared. But the mechanisms involved in the current cutbacks in welfare provision demonstrate the issue is more complicated than that:

- the amalgamation of Abstudy and Austudy removed some 'privilege' (advantage) from Indigenous students,
- the introduction of the Common Youth Allowance (which abolished or diminished payments to 46,000 young Australians),
- the imposition of stringent 'mutual obligation' requirements on to increasing numbers of low income Australians, and
- the massive reductions in award conditions of low paid workers

all demonstrate that advantage which poorer people experience can be abolished. The last 20 years have seen a considerable shift of income / wealth from the working to the owning classes (Stilwell 1993 [b], 1999, Saunders 1994, Boreman, Dow & Leet 1999). Perhaps it is only removing the prerogatives of more wealthy or more powerful people which constitute a political problem.

Howard, throughout his political career, has denounced the politics of envy, always relating it to the class struggle between worker and owner or rich and poor. But in relation to Indigenous land issues, educational provision, health services and welfare programs he has no difficulty promoting the perception that Indigenous Australians, unemployed people, single parents and those with disabilities are making an inadequate effort to assist themselves whilst also failing to make their mutual contribution to the community (Howard 1999, 2000).

The reality is that in Australia the provision of health, education and welfare is inadequate and this is particularly so in the bush. If the famed mateship of this wide brown land approached anything like solidarity such politics of division would be ridiculed. People up and down the country would unite not to complain about affirmative programs designed to create parity between ethnic groups but to push for an expansion of health, education and welfare services to the point where all in the community were adequately assisted to maximise their potential. Then the vision in Oodgeroo's poem to her son Dennis might be fulfilled.

*My son, your troubled eyes search mine,  
Puzzled and hurt by colour line.  
Your black skin soft as velvet shine;  
What can I tell you, son of mine?*

*I could tell of heartbreak, hatred blind,  
I could tell of crimes that shame mankind,  
Of brutal wrong and deeds malign,  
Of rape and murder, son of mine;*

*But I'll tell instead of brave and fine  
When lives of black and white entwine,  
And men in brotherhood combine-  
This would I tell you, son of mine.*

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# **6 Indigenous Issues**

## **The Intentional Underdevelopment of Aboriginal Communities.**

This chapter will examine the reasons why Aborigines and Torres Strait Islanders are the most economically disadvantaged people in 21<sup>st</sup> century Australia. It is present day structures and actions which inhibit Indigenous people economic success rather than some aspect of Indigenous culture or psychological make-up. It is further contended that those obstacles and earlier equivalent impediments have been put in place by mainstream Australia. Before such propositions can be assessed the history of race relations during the last four centuries needs to be briefly canvassed.

### **The history**

Until about the time of the Second World War the prevailing orthodoxy was that the '*natives*' were primitives incapable of reaching a similar level of civilisation to whites. Aborigines needed to be 'protected', they could be useful as unpaid labour but were probably destined to die out in the face of a superior culture determined to develop Australia (Reynolds 1989 Chs. 1-4). During the 1920s and 30s the allegedly 'liberal' response to the perceived decline of the Indigenous population in many parts of the continent was to 'smooth the dying pillow'. The Chief Protector of Aborigines in the Northern Territory, Dr C. Cook, at the initial conference of Commonwealth and State Aboriginal authorities in 1937 declared "If we leave them alone they will die and we shall have no problem" (cited in Bennett 1957, p.13). That is, the eventual extinction of Indigenous Australians was believed inevitable and, as it was unavoidable, the humane response was to make their 'passing' as comfortable as possible. It seems to have escaped the notice of such 'liberals' that a policy which accepted the disappearance of an entire race as a result of their dispossession by an allegedly 'superior' culture is genocide. There were Europeans who took a determined stand along side Indigenous people and who attempted to ensure Indigenes had shelter and adequate nutrition. Sometimes this was done because the Aborigines were needed as labour, sometimes out of a sense of justice, out of a desire to expand Christendom or for other reasons (Reynolds1990).

Even well into the 1950s there were many Australians who believed that Aborigines would 'disappear'. The widespread acceptance of Aboriginal people's eventual demise led Dr. Charles Duguid to warn in an address to the Anti-slavery Society in June 1954: "It can be said quite fairly that if Aboriginal people die out now, it is because we are willing that they should"(cited in Bennett 1957, p.10).

Professor Elkin, was for many years in the middle of the last century, accepted as a foremost authority on Australian Aborigines. He set out a number of stages through which he considered Aborigines would progress before they became assimilated. The most detailed elaboration appears in an article "Reaction and Interaction: A Food Gathering People and European Settlement in Australia" (1951) and a simplified version appears in his book *The Australian Aborigine* (1961). The simplified version retains the core argument of the more detailed account. Elkin suggests that five stages of development would be experienced; they were - *Clash, Pauperism, Intelligent Parasitism, Protection and Assimilation* (pp.321-338).

Clash and its associated pacification by force share with the other stages of 'development' the fact that they are frequently referred to as part of the cultural and historical explanations of the Aboriginal failure to 'develop'. Elkin does not take a cultural perspective very much into account, until he comes to examine protection. If there is any 'cultural explanation' to be found in the clash stage it must be in the explanation of the European exploitation rather than in the Aboriginal reaction. There is little purpose in searching for cultural reasons as to why people who had their land invaded fought back. Likewise, the cultural explanation does not add to the understandings of why a people who had their total resources stolen became paupers. It was political and economic factors which sent whites to Australia, and particularly economic factors which caused whites to invade the Aborigines' land.

The cultural explanations of Aboriginal pauperism usually commence from the point where the Aborigines are defined as a dispirited, displaced collection of individuals or groups. It is contended that because of the traumatic experience they have undergone, as a result of the clash phase, they no longer have sufficient social resources to capitalise on the opportunities which do occur. The real facts are that, throughout the history of Aboriginal contact with whites, the Aborigine has never been left with nor provided with the necessary prerequisites with which to build a sound economic base. Even the locations on which they have been placed or have been allowed to remain have usually been chosen because that country was not wanted, at the time, by whites.

An attempt by Aborigines to hold on to land in the early stages was not seen as a *self-help endeavour* but as proof that they stood in the way of progress. Whatever attempts were made to help Aborigines escape pauperism, prior to the mid 1970s, were made in the style of the 'welfare approach' by missions and government rather than by encouraging the development of Indigenous control of the local economy (Pearson 1999 [a] & [b]).

### **Intelligent parasitism**

Elkin is known popularly for his phrase 'intelligent parasitism'. When he applied this phrase to Aborigines he meant it purely as a descriptive term to cover that part of Aboriginal life which involved ingratiating oneself with whites in order to be fed and clothed by them in return for work. In the early stages it meant that Aborigines who did not want to fight any more would make themselves useful in order that the farmer might protect them against other whites. Once the land was taken, Aborigines were left with little to 'contribute' to whites apart from their labour and their wives. In some instances they had information of use to whites.

The introduction of the term 'intelligent parasitism' has had unfortunate consequences because the wider Australian society is one in which the middle classes on the whole believe they must be careful to avoid the threat of being enveloped in a 'welfare state'. The middle classes fail to acknowledge that they are in receipt of numerous welfare benefits. For this reason the mainstream have come to accept the term 'parasite' when applied to Aborigines, but the 'intelligence' of the approach is denied. If one of these terms has more relevance than the other it is the *'intelligence'* of the activity. It is not credible that a group of people who considered the Aborigine as a 'rural pest' (Rowley 1972[a] ) one year attempted to shoot them out, is going to turn around the next year and put up with them 'hanging around the station growing fat on white

men's work'. At the Arbitration Commission in the Northern Territory hearing in 1967 which has since become known as the *Aboriginal Wage Case*,

Professor Elkin's 'intelligent parasitism' was used so continually ...by pastoralist, Union, Commonwealth and the Commission itself ...to draw such different conclusions that I am inclined to think Professor Elkin will never want to want to hear it again (Stevens 1967, p. 21, quoting Professor Stanner emphasis in original).

## **Protection and assimilation**

Protection and Assimilation are both stages which tell us more about the cultural attitudes of Europeans than of Indigenous Australians. Both were policies drawn up by whites - at no time were Aborigines consulted. To claim that Aborigines' failure to develop despite the best intentions of the protectors or the assimilationists is due to cultural factors, is gross ethnocentrism. People who have little power to put their point of view frequently engage in non-compliance as one method of resisting change.

The Queensland Protection Act of 1897 and its revisions in 1939, 1965 and 1971 provided limited protection for the lives of Aborigines, but the Act continued even into the 1970s to be repressive of civil liberties, paternalistic and badly designed to encourage initiative. The implementation of the Act by the Department of Aboriginal and Island Affairs was consistently criticised by a wide range of informed opinion. Irrespective of any cultural problems that Aborigines might encounter in 'developing', they had imposed upon them legislation and administrative procedures which even the then *Courier Mail* editor considered likely to interfere with development (editorial, 16<sup>th</sup> February 1971).

Assimilation was defined at the 1961 meeting of Federal and State Ministers in charge of Aboriginal affairs:

The policy of assimilation means in the view of all Australian governments that all Aborigines and part-Aborigines are expected eventually to attain the same manner of living as other Australians and to live as members of a single Australian community, enjoying the same rights and privileges, accepting the same responsibilities, observing the same customs and influenced by the same beliefs, hope and loyalties as other Australians. (cited in Pittock 1969, pp.12-13).

In 1965 the definition was changed in response to pressure:

...so that now the policy officially *seeks* (rather than means) that all persons of Aboriginal descent *will choose* to attain (*rather than are expected eventually to attain*) a *similar* (rather than the same) manner and *standard* of living. The words 'observing the same customs', are omitted, and so too is reference to their 'being influenced by the same beliefs'." (Pittock 1969, p. 13) (italics in original).

The system of 'protection' afforded Indigenous did not assist them to take control of their communities in a way which would have allowed Indigenous autonomy. Aboriginal people's initiatives to fit into white capitalist systems have been undermined by many of the very people who were supposed to 'protect' them. There has been a deliberate policy to leave underdeveloped Aboriginal land until white capitalist interests were ready to acquire it. There are

clear connections between these past events and Mabo, Wik, and the Howard ten point plan (Kerruish & Purdy 1998).

In order to dispel any suggestion that the present analysis is only possible because of recent publications, many texts from the 1960s, 1970s and 1980s which provide a similar analysis to the one made here are cited. That is, the defence cannot be mounted that white Australia did not have the opportunity to come to a just accommodation with Indigenous Australians because the continued exploitation of Aboriginal Australians was unknown. One example of this approach is the extract from the Dougie Young (1995) song quoted below which was widely available when it was recorded by Gary Shearston in 1965 on a CBS label.

### **Hegemonic themes**

- The first theme in white Australia is that Aborigines can live on the land as long as it is not required by white interests.
- The second theme is that if the land is required by white interests Aborigines are expected to vacate it.
- The third theme is that if Aborigines put up a fight to retain the land then the choice is between extinguishing the Aborigines or more recently extinguishing their property rights.

These themes still have application at the start of the 21<sup>st</sup> century. This chapter looks at their impact on both Indigenous and non-Indigenous people. These hegemonic themes have, from the beginning of the colonial experience, helped ensure the underdevelopment of areas which Aboriginal people are deemed to control. Aboriginal communities are, as a result underdeveloped and marginalised (Davies & Young 1996, Jackson 1996, Lane & Chase 1996, Bennett 1957). Indigenous people are, as a part of this process, assigned low status roles thus weakening their capacity to garner mainstream support. But Indigenous people in Australia have tenaciously clung to those parts of the continent from which they have not been forcibly alienated and have waged a relentless resistance to the colonial process. In the words of Aboriginal song writer Dougie Young (1995):

Now they laugh in my face.  
They say I'm a disgrace.  
They say I've got no sense.  
The whiteman took this country from me.  
He's been fighting for it ever since.

Henry Reynolds (1998, 1999) describes how the failure of the bulk of the white population to acknowledge what was and is occurring to Aborigines and Torres Strait Islanders allows inhumane practices to continue. The *mechanism of denial* which is exemplified in John Howard's refusal to apologise to the Stolen Generations or more generally white Australia's refusal to acknowledge what it has done to Indigenous people, allows governments, corporations and non-Indigenous individuals to escape provision of adequate reparation to Aboriginal and Torres Strait Islander people and thereby provide a sound basis for a just reconciliation.

The Prime Minister's 10 point plan and the one point plan of Queensland's National Party Premier Borbidge to extinguish native title on pastoral leases, which followed the High Court's

Wik Judgement, only make political sense if Indigenous Australians are conceived of as separate from and of lesser importance than other Australians (Reynolds 1996, Tomlinson 1996).

Governments, during the 1950s and 1960s, maintained Aborigines as *natives* by institutionalising them on segregated reserves 'for their protection' (Elkin 1961, Turnbull, 1974 *contra* Kelly 1966, Walker 1971, Black Resource Centre Collective 1976, Coombs 1994, *Frontier* 1997, Kidd 1997). Aboriginal people who resided off reserves and who were not assimilated into white society, were relegated to fringes of country towns (Rowley 1972[a], Malezer 1979, Bropho 1980, Edmunds 1989, Day 1994) and ghettos like Redfern and South Brisbane (Rowley 1972[b], Tomlinson 1974[a], Buchanan 1974). They were assigned a welfare / charity role which encouraged their being pitied as 'victims of their own inadequacies'. In rural areas the women continued to be exploited sexually and the men utilised as seasonal workers. In both city and rural areas they were marginalised. Indigenous issues were perceived by the general public to be of little political importance until the period leading up to the 1967 referendum. Professor Stanner in his 1968 Boyer Lectures described the failure of white Australians to seriously consider the situation confronting Indigenous Australians as 'The Great Australian Silence'. This is the recent historical background which generates current perceptions of Indigenous Australians.

## Misperceptions

When Aborigines and Torres Strait Islanders are conceived of as an entity - white Australia uses the term 'Aboriginal race', or the pejorative epithets 'abos, boongs, gins or jackies'. None of the diversity which exists, within and between, Indigenous Australians is appreciated. There is little recognition of the major cultural differences between groups such as:

- the Yolngu of north eastern Arnhemland,
- the Pintubi of Northern Territory / Western Australian border,
- the Nyungar of the south west of Western Australia,
- the Kooris of New South Wales and Victoria,
- the Nunga of South Australia, or
- the Murris of southern Queensland.

Each of these regional groupings contain diverse clans and language groups. Certainly many of the original owners of this country see some political advantage in maintaining a common identity as Indigenous Australians but the development of such a pan-Aboriginal identity has been a long time in the making. Similar formulations of wider regional identities, even continental identities, have been a driving force in the anti-colonial developments in Africa (Cabral 1973, Fanon 1967) and Asia. Prior to the invasion there was no social or political need for a pan-Aboriginal identity.

Non-racist white Australia recognises, that 'seen one blackfellow seen the lot' mentality is an inadequate description of Indigenous diversity. It is common to encounter people who talk about 'traditional Aborigines who maintain their culture (who live somewhere in the great outback) and urban blacks who are just drunks and no hoppers'. One they might see from the tram the other they know they'll never meet until they retire and go on the big round Australia trip. This assessment of Indigenous Australians is a late 20th century distortion of the earlier distinction made between Rousseauan noble savages and those who have failed the test of social

Darwinism. Since the early 1970s mainstream society also recognises the victims / trouble maker divide as existing within the Aboriginal community.

## Health

The health of Indigenous Australians should shame any citizen (National Aboriginal & Torres Strait Islanders Health Clearing House 1999, Bennett 1957, Kalokerinos 1974, Moodie 1973, The Royal Australian College of Ophthalmologists 1980). The life expectancy of Aborigines and Torres Strait Islanders is about 15 - 20 years lower than that of their non-Indigenous counterparts in Western Australia, South Australia and the Northern Territory: "In most States and Territories, their babies are about 2 - 3 times more likely to be of low birth weight and about 2 - 4 times more likely to die at birth than are babies born to non-Indigenous mothers" (McLennan & Madden 1997 p. 1).

Between 1988 and 1994 the gap between Aboriginal and total Australian mortality rates widened, especially for women. ....About 30 percent of maternal deaths occur in Aboriginal women and Torres Strait Island women who constitute only about 3 percent of confinements" (National Health and Medical Research Council 1996 p.3).

During the early 1990s, on Cape York women were dying at a younger age than was the case in 1979 (Fischer 1993). Governments claim to be promoting dramatic solutions, yet Access Economics has shown health expenditure on each Indigenous person is lower than that provided for the non-Indigenous population, and the level of underspending on Indigenous health has stayed remarkably constant over the last 20 years (Kilham 1995, Deeble et al. 1998).

After viewing a number of Aboriginal settlements in the 1930s

world-renowned Australian ophthalmologist, Professor Dame Ida Mann, when asked what drugs she would prescribe for outback Aborigines with so much trachoma remarked: 'Drugs? I'd prescribe water. If governments were to put the water on, nobody would have trachoma' (National Aboriginal Health Strategy Working Party 1989 p. vii).

In 1979 the first recommendation of the report of the House of Representatives Standing Committee on Aboriginal Health was that "the highest priority be given and immediate action taken to provide clean and adequate water supplies to all Aboriginal communities." (p. xv). In 1996 an ABS survey estimated that 7% of rural Indigenous households did not have running water (McLennan & Madden 1997 p.13, National Aboriginal & Torres Strait Islanders Health Clearing House 1999). There are still at least 100 Aboriginal communities in remote Australia which do not have access to clean drinking water.

It has not been a recent discovery that Indigenous Australians die younger and are more frequently sick than non-Indigenous Australians essentially because in many places they do not have access to clean running water, decent nutrition (Bennett 1957) and adequate housing with safe sanitation systems. None of these essentials is beyond the capacity of Australian governments to provide. The failure to provide this basic infrastructure, unconscionable as it is, can only be explained within a paradigm of institutional racism. White Australia:

- stole the land,
- introduced stock which depleted traditional nutritional sources (Heppell & Wigley 1981 p. 5, Penny & Moriarty 1976, Frith 1976, Bennett 1957 Chapt. 3),
- destroyed traditional sanitation practices and



- failed to put in place alternative health mechanisms (Rowse 1995).

In 1971 the cost of the housing backlog in Aboriginal Australia was estimated by Francis Lovejoy to be \$ 3,000 million. In 1972 the Whitlam Government was regarded as overly generous when it announced it would spend \$30 million each year for ten years to solve ‘the Aboriginal housing problem’ (Heppell 1979). This amount would, on its own, hardly keep pace with the increased housing demand from population increase. In 1999 one third of housing, managed by the 707 Indigenous housing organisations, was reported to be in need of major repair or replacement (ABS 2000). Aborigines and Torres Strait Islanders have the lowest socioeconomic status of all segments of the Australian community (McLennan & Madden 1997).

In December 1997 the Howard Government promised several billions dollars in loan guarantees to assist the International Monetary Fund prop up the economies of Indonesia, Thailand and Korea. On the 21<sup>st</sup> of January 1998, the day following the Government announcing it had put aside an additional \$300 million to provide insurance assistance to Australian exporters trading with Korea the Federal Health Minister, Michael Wooldridge, was presented with a report commissioned by the Australian Medical Association and the Australian Pharmaceutical Manufacturers Association. This report detailed the reasons behind the appalling Aboriginal morbidity and mortality figures in rural Australia. The report argued that limited access to and the high cost of fresh fruit and vegetables was a prime cause of Indigenous health difficulties in remote Aboriginal communities. Faced with this report Wooldridge (who was, at the time, visiting rural areas of the Northern Territory) responded, by saying "It is difficult for a Commonwealth Government to do much about fruit and vegetables in local stores" (ABC TV News 21<sup>st</sup> January 1998).

## **Incarceration**

The first detailed academic documentation of police harassment of Aborigines was carried out by Eggleston (1976). Young men are many times more likely to be in remand centres than are their white counterparts. Aboriginal people are 27 times more likely to be in police custody and 11 times more likely to be in prison than other Australians (White & Perrone 1997 pp. 157-8, Wilson 1982). In 1974 the Queensland branch of Amnesty International produced a monograph entitled *Institutionalisation: A way of Life in Aboriginal Australia* (Tomlinson 1974[b]). Two decades later, on the 17<sup>th</sup> October 1996, Amnesty International’s London Office published a condemnation of Australia’s treatment and inordinate incarceration rates for Aborigines and Torres Strait Islanders.

Just how determined white Australia is to maintain the subordination of Aborigines is revealed by the twelve volume Royal Commission into Aboriginal Deaths in Custody published in 1991: it recommended many ways of keeping Aborigines out of custody in order to decrease the number of Black deaths in custody. A follow up report (Office of the Aboriginal and Torres Strait Islander Social Justice Commissioner 1996) established that Aborigines were being incarcerated at a greater rate than in the period 1980 -1989 and more Aborigines are dying in custody as a result. “Although Aborigines represent only 1.4 percent of the adult population, they accounted for more than 25 percent of all deaths in police and prison custody during the year to June 1996” (Amnesty International 1997).

Police killings of Aborigines in Australia have a long lineage. Officially sanctioned police punitive raids did not end with the 60 to 100 Aborigines slaughtered in the Coniston massacre in 1928 (Young 1981) but continued in the North of South Australia at least until the early 1940s (Rowley 1972 [a] p. 204). Police and settlers continued to kill and maim small groups of Aborigines in remote Australia until at least the early 1980s (*NT News* 21/7/80 p.1). In cities, with the notable exception of incidents like the slaughter of David Gundy, the police content themselves with severe bashings of Indigenous Australians (ABC TV 1996). The police play an important political role in relation to Indigenous Australians; they are the front line of social control, they are the group which selects individuals to be criminalised (Tomlinson 1994), they in large part determine who will be “jailed and killed” (Walker 1971, p.34), they are an essential element in political marginalisation of Indigenes.

In recent times many Australian state and territory governments have adopted 'law and order' policies which have impacted disproportionately upon Indigenous communities. Mandatory sentencing is just the latest in a long line of such legislative provisions. The failure to implement many of the Royal Commission into Black deaths in custody recommendations which aim to decrease the number of Indigenous people in custody, for example by not decriminalising drunkenness, has led to increases in the number of Aboriginal and Torres Strait Islanders in jail. Coupled with this have been policies such as 'truth in sentencing' and the imposition of mandatory jail sentences for minor offences such as petty theft (*Land Rights News*, Feb 1998 p.13, Bessant 2000 [b], Cunneen 2001). All of these policies have led to a dramatic increase in the number of Indigenous people in custody.

In early 2000 a death in custody in Darwin of a young Indigenous minor offender, whilst serving a mandatory sentence, led to an international debate and minor changes were forced on the Territory Government (*Land Rights News* 2000 [a] March, pp.16-17). The United Nations Committees on the Elimination of Racial Discrimination (CERD) and Human Rights made adverse finding against Australia over mandatory sentencing, the Howard Government's response to the Stolen Generation and the ten point plan.

### **Fringe camps, missions, reserves and settlements**

The system of having a protector of Aborigines whether in Tasmania, Victoria and New South Wales or in more sparsely populated regions such as Western Australia never led to the consistent protection of Indigenous people or their interests. From its beginnings in the 19<sup>th</sup> century the protection system may have tempered some of the more extreme acts of violence but too often it led to dispersal and dispossession of the original inhabitants (Cannon 1990). Throughout much of rural and remote Australia the protector of Aborigines was the local police officer. So, even for those not confined to the government or church controlled reserves, the State was omnipresent. The local protector controlled much of the lives of those Indigenes not exempted from the status of ward. In May 1957 the following notice appeared in the Government Gazette:

I, James Clarence Archer, The Administrator of the Northern Territory, in pursuance of the powers conferred on me by the Welfare Ordinance 1953-55, do by this notice declare to be wards the persons named in this Schedule to this declaration, being persons who, by

reason of their manner of living, their inability without assistance adequately to manage their affairs, their standard of social habit and behaviour and their associations, stand in need of such special care or assistance as is provided for by the said Ordinance.

After this preamble there followed a list of 12,000 names of Aboriginal people. Only one fifth of the people of partial Aboriginal descent were exempted from the Ordinance.

Similar arrangements existed over the entire northern half of the continent at this time. Aboriginal workers who were paid had, by law, to pay into bank accounts held by their protectors a fixed percentage of their wages. In Queensland money held in these accounts was transferred to a special Aboriginal welfare account, when this account was eventually wound up in the 1980s there was a \$30 million shortfall which the Goss Labor Queensland Government held to be non recoverable, none of the 'protectors' have been charged.

There is the problem of money and when you look at it more clearly it is a matter of human rights. The Queensland Act is supposed to protect black people. In fact it is to control them, to make them as white as possible, as quickly as possible, in line with their policy of assimilation. (Walker 1971, p.33).

This 'leakage of funds from Aborigines bank accounts' was part and parcel of their administration from the earliest days (Kidd 1997 pp. 85-86,132-133, 148, 177-178, 266. Consultancy Bureau 1991, Family Services and Aboriginal and Islander Affairs 1991). Money in this system was supposed to be used for the benefit of Indigenous people. In the early 1960s following a series of dysentery epidemics on the reserves of western Cape York the government said it had insufficient funds to upgrade the health clinics on the reserves but did see its way clear to borrow from the Aboriginal Benefit Fund account an amount of \$100,000 which it lent to the Redcliffe Hospital Board to help build this *city* hospital (Kidd, 1997, Consultancy Bureau 1991, Tomlinson 1963). The absence of upgraded health facilities at places like Weipa and Mapoon was one of the issues which the Queensland Government used as part of the effort during the period 1959 -1962 to force Mapoon people from their land and thus to facilitate Comalco's bauxite mining (Roberts with assistance of Russell & Parsons 1974). The Government claimed the absence of decent health facilities meant the Mapoon people were endangering their children's health (Kidd 1997 pp. 214-227).

## **Land Rights & Miners**

Goot and Rowse remind us that at the 1983 election the Federal Labor Party set out five principles which were to underpin its national land rights policy: these principles included inalienable freehold title, mining vetos or else the power to set conditions, fair royalties, compensation and sacred site protection (1994 p. 1). After 13 years of Labor Administration little progress was made towards implementing such promises. After two terms of Liberal/National Administration the idea that such principles might underpin the Government's approach to land rights policy was a receding pipe dream. The Howard Government in May 2000 rejected the Council for Aboriginal Reconciliation's recommendations as the basis for reconciliation between Indigenous and non- Indigenous Australians.

In the wake of the High Court's Wik Judgement the language of confrontation again assumed centre stage. Pastoralists and miners claimed that the granting of native title would bring

economic development in Australia to a halt. On the 23<sup>rd</sup> of December 1997, Ian Henderson an economic correspondent for *The Australian* wrote:

Mineral exploration spending is expected to hit a record \$500 million in the second half of 1997, blunting claims that uncertainty about native title is wrecking mining industry plans." (p. 4).

This figure was drawn from Australian Bureau of Statistics (ABS) compilation of mining companies expectations. But, as Henderson points out:

As actual spending on exploration usually far outstrips industry expectations, miners appear likely to set a further record, spending \$650 million to \$700 million on exploration in the second half of 1997(p. 4).

He supported his assertion by noting the previous day

... the ABS reported that mineral exploration in the March, June and September quarters of 1997 - after the Wik decision - had exceeded spending in the corresponding quarters of 1996 - before Wik (p. 4).

The absence of an honest assessment of what is actually happening by spokespeople for the mining industry is not accidental. The continuation of the language of confrontation is designed to weaken the bargaining power of the Indigenous owners of this land in order that what ever 'contribution' miners are forced to make to Indigenous communities, in return for not obstructing mining, is a lesser amount than would have been the case had the negotiations taken place on an equal footing where Indigenous people were conceived of as partners in a project.

The Aboriginal and Torres Strait Islander struggle for their land has been waged relentlessly for centuries. The Yir Yorant were recorded to have driven off a Dutch expedition from the Western shores of Cape York in 1606 ( Roberts 1981, Sharpe 1952). The High Court's Wik decision was brought by Aboriginal people whose traditional land lies not far from the country then occupied by the Yir Yorant. The Indigenous peoples moral claim for reparation was strengthened by the High Court's Wik decision. The Wik people's claim in the High Court was upheld because the Queensland Government was seen to have failed to exercise its fiduciary duty in relation to people it was 'protecting'.

An insight into the way 'protection' was interpreted by the Queensland Government is provided by the way it treated the people of Mapoon in the late 1950s and 60s (Roberts, Russell & Parsons 1974). In 1963 the people of Mapoon were taken by boat from their land by armed police who burnt their houses. They were deposited at Bamaga on the very tip of Cape York or at the Wiepa Mission. Weipa people, a short distance to the South of Mapoon, had their reserve decreased to 124 hectares (Suchet 1996, p.204). What had been Aboriginal reserve lands amounting to nearly 6,000 square kilometres was, in 1957, converted into a mining lease for the transnational alumina company Comalco. That is "93 per cent of land which had been officially reserved since the 19<sup>th</sup> century for the Aborigines of Mapoon, Aurukun and Weipa" (Kidd 1997 p. 204) was alienated. This theft of Indigenous land was debated in the Queensland Parliament. Suchet (1996) notes in relation to the resulting *Commonwealth Aluminium Corporation Pty. Limited Act 1957*: "Nowhere does this Act protect the rights of Aboriginal people" (p.204). Some members on both sides of the Parliament took advantage of a preferential Comalco share offer (Roberts 1981, Roberts assisted by Russell & Parsons 1974, Roberts, Parsons & Russell 1975, Roberts &

McLean 1976, Stevens 1981, somewhat less critical accounts are provided by Rogers 1973 and Cousins, D. & Nieuwenhuysensen, J. 1984).

Extinguishment of native title rights may seem to be an insignificant price to pay for 'progress' but the loss of land is as deadly to some Indigenous people as any settler's bullet (Wilson 1982, Suchet 1996, p.204). Whilst the current Indigenous struggle for land is being waged using economic, political and legal weapons rather than spears; the ongoing Aboriginal and Torres Strait Islander struggle for land is as determined now as at any time in the last 400 years. Just one example from Cape York provides an insight into the distance Indigenous peoples have come and the length of the road ahead. At Napranum, the Aboriginal name for the old Weipa Mission, determined attempts are being made to reassert the Indigenous voice back into issues affecting the community. The outstation movement is alive and well, cultural activities are restoring Indigenous pride, efforts are being made to modify Comalco's actions so as to mitigate damaging side effects of mining and modify regeneration efforts so as to increase the availability of 'bush tucker' (Suchet 1996 pp. 207-212). At the start of the 21<sup>st</sup> century many obstacles remain in the way of Indigenous people's attempts to access 'bush tucker'. Until very recently the traditional owners of Weipa and Mapoon still needed Comalco's approval before they can collect their traditional food from land which was part of the Comalco lease (Suchet 1996 p.212). In March 2001 Comalco signed a consent agreement with 11 traditional owner groups of Western Cape York recognising their native title in return for the recognition of Comalco's right to mine. Some of the land which Comalco either doesn't want or from which it has already extracted the bauxite was handed back to Indigenous control (Koori Mail 21<sup>st</sup> March p.1).

Three hundred kilometres to the west of the Wik people's country a transnational conglomerate's subsidiary (Century Zinc) in 1997 beat into submission the Waanyi people. Murradoo Yanner, Coordinator of the Carpentaria Land Council, was convicted twice for unlawful assembly within an eighteen month period. He has faced continual harassment by mining company officials, police and other state government officers. In March 1998 the Supreme Court of Queensland determined that Yanner did not have the right to take crocodile on his clan country. The Supreme Court action was initiated on appeal by the anti-Aboriginal Borbidge Government after a magistrate in 1997 had dismissed charges against Yanner for taking the crocodiles (ABCTV 7.30 Report 9/3/98). The Government purports to have taken the action in order to protect wildlife. The effect of the action, which Yanner successfully appealed to the High Court, was to limit the right of Indigenous people to hunt and gather traditional food. Had the Queensland Government's case succeeded then this would have significantly restricted Aboriginal Australians (living in remote parts of this country) access to a major source of nutrition. Numerous studies have shown that communities which utilise traditional food to supplement their diet have better health profiles than those which do not (Health Advancement Standing Committee of the National Health and Medical Research Council 1997).

Yanner was prevented (by Senator Herron [Liberal], Minister for Aboriginal Affairs) from taking up a position as Aboriginal and Torres Strait Islander Commissioner 'because of past convictions'. When Yanner appealed this decision in 2000 to the Federal Court the Queensland Labor Party Mines Minister McGrady wrote to the Judge hearing the case in an attempt to influence the outcome. McGrady is known locally as Minister for Mount Isa Mines.

The Century Zinc company has begun work on the mine, one of the largest zinc reserves in the world, despite the fears of conservationists and Indigenous people about ecological damage to Dugong feeding and breeding areas in the Gulf of Carpentaria. That is the Queensland Government is determined to prevent Aboriginal people taking 'protected species' even by traditional means from their traditional land but is prepared to allow a trans-national subsidiary to endanger the breeding and feeding areas of Dugong by letting the Century Zinc dredge channels to assist barges to carry zinc ore to ships waiting off shore.

After the traditional owners agreed to the mine going ahead, the Queensland Government announced that, as the Aborigines had agreed to allow Century Zinc to mine their land, they could be provided with the kind of social infrastructure which white Australia takes for granted. The total project is estimated to be worth \$9 billion. The mining company offered \$60 million as compensation. Of this \$30 million is to be controlled by the Queensland Government to develop social infrastructure like schools, community centres, health centres and roads (Yanner 1996). The very essentials which white Australia takes for granted.

Failure to provide the development infrastructure which would promote health, well being and education has been part and parcel of the Queensland governments' approach to Aboriginal areas in the north of the State for the last 40 years (Kidd 1997, Roberts, Russell & Parsons 1974, Tomlinson 1963, Bennett 1957). In recent times a new health clinic has been erected at Napranum but seriously ill people still need to travel the 14 kilometres to the hospital in the 'white' town ship of Weipa.

Still in the Gulf country, but over the Northern Territory Border, in 1993 Mount Isa Mines (MIM) was granted a lease to mine McArthur River lead/zinc deposits, another huge ore body. The Commonwealth and Northern Territory Governments had fast tracked the development. The Commonwealth guaranteed to support the Northern Territory legislation. Ciaran O'Faircheallaigh (1995) wrote about the offer, designed to weaken local Aboriginal resistance to the mine going ahead:

Under the agreement the Commonwealth undertook to purchase on behalf of the (local Aboriginal) Association the Bauhinia Downs pastoral station and, through the Department of Employment Education and Training (DEET), to provide an employment package designed to benefit residents of the McArthur River district  
...MIM's non-participation means that all the costs involved fall on the Commonwealth, not on the company as the developer of the resource.  
...the agreement itself does nothing to ensure that the company (MIM) will endeavour to make employment and training opportunities available to local Aboriginal people.  
...initiatives similar to those taken by the Commonwealth might have occurred under general policy initiatives in the absence of resource development (p.10).

The decision to proceed to mine an area controlled by Aboriginal people has many consequences and it may be that assessing the effects of a development, as O'Fairchaellaigh (1996) asserts, are far more complicated than looking just at the impacts of mining. Because issues such as what other benefits accrued to locals, the manner in which negotiations were carried out, protection of sacred sites, respect for Indigenous culture and interpersonal relations all play a part. But it is equally true as he acknowledges: the economic status of Indigenous people is generally very low,

most communities have only one resource extraction project on their land and if they fail to succeed in maximising returns from this resource they will remain poor (O'Fairchaellaigh 1996 p.198). It also needs to be acknowledged that Indigenous communities are often highly pressured by governments which don't understand their interests or needs. Governments are essentially responding to much wider constituencies. Indigenous communities are also frequently subjected to intense pressure by corporations whose prime interest is maximising returns to their share holders. Governments and corporations often combine to force Indigenous communities to accept development on their land (irrespective of Indigenous communities best interests) because it is far easier for government and industry to understand and accept each others needs than it is for either of them to understand Indigenous perspectives or accept that Indigenous perspectives have any utility (Bradbury 1997).

The assistance which governments provide to mining companies to proceed with mineral extraction (even in areas where the mine will damage conservation values or may undermine the ecology of an area) stands in sharp contrast to the way it treats some of the most impoverished Indigenous people in the remotest parts of this country.

The Registrar of Aboriginal Corporations in 1999/2000 invigorated a program to liquidate many small Aboriginal Corporations for failing to lodge returns. In order to be granted land the members of these Indigenous communities were require to register as a corporation. Many of the office bearers, of corporations in the process of being liquidated, are aged traditional owners who don't read English, live in remote areas of the country and are bureaucratically unsophisticated. Once their house and land are sold as a result of actions taken in 'law' courts in far off capital cities the owners wont be able to collect bush tucker because they'll be evicted from their traditional lands (*Land Rights News* 2000, March p.5, Downing 2000, 12<sup>th</sup> April, p. 13)

### **Employment, infrastructure and development**

In 1963 I visited Yarrabah, near Cairns, shortly after the Church of England handed control of this mission to the Queensland Government. Housing, whilst basic, was nearly sufficient to house all the people living there. The Aborigines had run a saw mill and built most of the houses. But the mill closed and by the time I returned 15 years later there was a shortage of houses and the houses which were being built were fabricated largely by mainstream contractors. What had been an isolated settlement was being encroached upon by a growing urban sprawl. This erosion of Indigenes' capacity to develop their own territory has been repeated in many parts of this country during the last 100 years. Sometimes it takes the form of protectors stealing money from the personal accounts of Indigenes (Kidd 1997). In the Northern Territory in the 1970s and 1980s it often took the form of the manager of the community store defrauding the entire community by overcharging or just absconding with the funds. Sometimes Indigenes were displaced from employment, and therefore income, by an influx of European employees. At Maningrida in the mid 1970s this led to major Aboriginal unrest which resulted in the Indigenous community reclaiming their jobs and community control (Gillespie, Cooke & Bond 1977).

There have always been some European Australians driven by a sense of justice, religious beliefs, a desire to have a healthy workforce, paternalism, the need for or love of a sexual partner or for other reasons who have worked with Indigenous Australians in an effort to assist them to

remain on and/or develop land (Bennett 1957, Reynolds 1998). Some have formed partnerships with Aboriginal and Torres Strait Islanders in fishing, pastoral and more recently mining ventures. Some of the early mission efforts resulted in incorporation of Aboriginal people into the vital life of the communities on which they lived.

One of the remarkable features of Aboriginal affairs in Australia is that the pictorial records of places as far a field as Hermannsburg (NT), Maclean (NSW), and Lake Tyres (Vic) at the turn of the 20<sup>th</sup> century show Aboriginal people well dressed and playing an important part in the life of the community (Reynolds 1989, pp.148 -151 1990, Jackomos and Fowell 1991). By the 1960s many Aborigines in these places had become impoverished. Perhaps the most credible explanation of why many Indigenous communities 'lost heart' is portrayed by the documentary *Lousy little sixpence* (1997). In this documentary the point is made that the New South Wales Aboriginal Welfare Board in the early part of the 20<sup>th</sup> century removed the right of Aborigines to own and use land on reserves (Goodall 1996, Ch. 11). At Cumeroogunga Reserve Aborigines had been granted land, cleared and ploughed it, only to have the Aboriginal Welfare Board sell it to white farmers (Lousy little sixpence 1997). Events of this nature occurred all over Australia (Goodall 1996, Kidd 1997, Rowley 1972[a],[b],[c], Reynolds 1989).

Under the auspices of government and mission control of Aboriginal reserves there was insufficient investment in technological or development infrastructure to ensure these areas would become productive. Aborigines were shifted off their land to allow pastoralists to have it. People from many clans were herded together to suit white Australia's convenience. They were not adequately assisted to develop the land on which they were placed. The areas which white Australia wanted and on which Indigenous people lived were frequently sold or leased to white farmers. This happened at Mona Mona mission in the 1960s. The official story was that the land of the old mission was going to be flooded by a dam which still has not been built. The residents of Mona Mona were packed off to Seventh Day Adventist Church owned houses on the fringes of Kuranda (Kidd 1997, p. 212).

The administrative skills of most of the people who were sent to manage reserves were not high. Aboriginal initiative was stifled. These reserves were welfarised, many were run like British Poor Law work houses. The food, housing and health provision were inadequate. Disputation was treated as if it was rebellion. Inordinately repressive powers were given to superintendents to jail people, remove people from a reserve and divide families. Anger, frustration, intimidation, depression, alcoholism, and disputation became an everyday feature as the documentary *Mr Neal is entitled to be an agitator* (Ronin Films 1991) revealed. The mechanisms of control on Aboriginal reserves shared many common features with the repression carried out in other outposts of Empire by the colonial authorities.

The controlling mentality of typical externally imposed colonial structures is firstly the promotion of the interests of the 'metropolitan' country, secondly ensuring the interests of the expatriate workers and entrepreneurs prevail over the interests of local entrepreneurs and those of the 'natives'. Australians who have not had the experience of living in the more northern or remote parts of this continent during the 1950s, 60s and 70s may not conceive of white / black relations in this continent as resembling a colonial interface. But the *language* which governments of the day employed to describe their administration of Indigenous matters is not



dissimilar from that of the British Raj. Until 1966 the Queensland Government used the title of the Department of Native Affairs (FSAIA 1994, p.10). During the 1950s, at the Federal level, the official policy was one of *assimilation* until 1963 when it became *integration* and then in 1974 during the Whitlam Government became *self-determination*.

More than any other feature, widespread unemployment and failure to pay award wages to Indigenous workers guaranteed their communities remained impoverished and underdeveloped. When Indigenous workers got seasonal jobs away from the reserve they had to pay a fixed percentage of their money into the bank accounts held by the protector. Those who worked on the reserve were generally paid a 'training allowance', if they were paid anything other than rations. In 1967, I calculated that many workers and their dependants on training allowances, in the Top End of the Northern Territory were receiving less each week on training allowance than would an equivalent sized Darwin family living on welfare assistance. Many of these 'trainee' workers were the sole bread winner in their families. Eventually training allowances were replaced by the Community Development Employment Program (CDEP), a 'Work for the Dole' scheme which, until the Howard Government, only applied to Indigenous.

Each community was paid on an estimate of how many participants would be attracted to the CDEP in their area. Some communities found that there were more people wanting to work than there were places: as a result it was not uncommon for CDEP workers to receive less than they would have had they been in receipt of unemployment benefit. On other communities people got slightly more than unemployment benefits. Either way when coupled with widespread unemployment it meant that for many communities over 90 per cent of the people, who received any income, survived on social security levels of income. This guaranteed that the possibility of developing economically viable communities was extremely limited. It almost ensures underdevelopment because the communities do not generate sufficient economic activity which could in turn lead to the creation of award rate jobs. If award rate jobs had been created on communities rather than training wage / CDEP wages then through the multiplier effect enhanced economic activity would have been more likely to have occurred.

In December 1997 the Human Rights and equal Opportunity Commission conducted a study of the CDEP specifically investigating human rights difficulties (Antonios 1997). Though the Commissioner found some benefits flowed to some participants compared with social security recipients and that the CDEP did not breach the Race Discrimination Act she was concerned that there was:

- no legislative basis for the scheme,
- no adequate appeal against decisions of bureaucrats,
- no certainty that people moving between social security payments and the CDEP would not have exceedingly long waiting periods imposed (a finding which supported the Commonwealth Ombudsman in the *One size does not fit all* report of August 1997),
- no guarantee of a minimum income to participants, and in fact many people had very low or no income,
- no opportunity for people to relinquish their Disability Support Pension and transfer to the CDEP
- no consistency in the way the various departments such as Tax, Social Security, and Employment treated income received from the CDEP, and as a consequence,

- no clear government policy as to whether this was employment, a training allowance scheme, an employment program or a welfare program. (Antonios 1997)

Perhaps an extract from the resolutions of the initial conference of Commonwealth and state Aboriginal authorities held in 1937 might provide an insight into the failure of governments to ensure Indigenous Australians were enabled to gain employment in jobs which paid similar award rates to other Australians. The resolution read:

That this Conference affirms the principle that the general policy in respect of full-blood natives should be-

- (a) To educate to white standard children of the detribalised living near centres of white population, and subsequently to place them in employment *in lucrative occupations, which will not bring them into economic or social conflict with the white community* [Italics not in original]( cited in Bennett 1957 pp.11-12).

Perhaps the only thing holding back present day administrators from succeeding in finding employment for all Aboriginal people is that they are still searching for those elusive jobs with lucrative remuneration for which Indigenous Australians would be in demand and which will not inspire envy from other Australians.

The overwhelming majority of Aboriginal people have been:

- consistently denied the opportunity to own land,
- denied access to award wage labour,
- refused, until the 1960s, similar social security entitlements to other Australians,
- denied similar social security entitlements to other Australians until 1976 (Antonios 1997, p.6) if they lived on missions or government settlements, and
- until the late 1970s, denied control of Indigenous communities.

### **The political struggle.**

The Indigenous struggle for land, life and liberty has been long and bloody (Murray 1962, Reynolds 1972, Roberts 1981, Rowley 1972[b], Evans, Saunders & Cronin 1975, Robinson & York 1977). Many white Australians believe the Indigenous land rights struggle began with the Tent Embassy outside the Federal Parliament in 1972 or the Gurindji struggle at Wattie Creek in 1966 (Hardy 1968). This ignores:

- the 1960s Pitjantjatjara endeavours to retain land in South Australia.
- the Yirrakala petition presented to Federal Parliament by Aborigines on the Gove Peninsular in 1963,
- the on going struggle of the Mapoon people since 1957,
- the resistance of Don McLeod's Mob - the Nomad Mining Company - in Western Australia in the Pilbara 1946 (Rowley 1972[c]),
- the Lake Tyres and Framlingham contests in Victoria in the 1950s (Andrews 1962),
- Ferguson, Cooper and Patten's efforts to obtain a better deal in NSW in the 1930's (Horner 1994),
- the battles waged by the Indigenous Tasmanians ( Reynolds 1996, Turnbull 1974), and
- hundreds of similar contests for rights or land in other parts of Australia.

In fact white Australia's perception of their 'history' ignores the reality of the Indigenous struggle.

*In The Other Side of the Frontier* Henry Reynolds (1981) set out another way of viewing the interchange between invader and indigene. Very conveniently the invaders make a distinction between the clash / invasion / dispossession phase and subsequent Indigenous unrest designed to keep some control of Aboriginal interests. The Indigenous reality is that the land rights struggle has been an integral and unceasing part of Aboriginal existence for the last 400 years (Roberts 1981). It is a political struggle which at times has had a military component. Sometimes it involved attacks on the instruments of the / or the invaders themselves. Unfortunately it sometimes takes form in a sense of loss which can lead to acts of self abuse or self destruction. Garrarrwuy Yunupingu in an address to the National Press Club in Canberra in February 1997 summed up the desperation which many Indigenous people feel when he said:

Same thing you mining companies. You dig my country and you make your money and you go laughing all the way to the Swiss bank, but you leave me a hole and the pollution. No thanks, but you take all the goodness out of my land and you leave me nothing. But I'm not disappointed. I might be a bit angry with you, the way you treated me and being unfair. But I'm still sitting there nursing the hole and the pollution you left me behind. I will not go away from that hole and that pollution because it is my right to die in that land. (p.21).

Indigenous people realise they were not all dispossessed by our forebears at some *convenient time in the past*, say 1770 or 1788. They are aware that many Indigenous groups are *today* being dispossessed by mining companies, governments and pastoralists - Century Zinc mine got its go ahead to mine in 1997. The traditional owners of Jabiluka are opposed to mining but as this book is being written the Federal Government is preparing to give the go ahead to open this uranium mine in Kakadu. In August 1997 Aborigines reached an agreement with miners to open up 44,000 square kilometres of their land in the north of South Australia for mineral exploration (*PM* 1997 18<sup>th</sup> August). Howard's ten point plan, designed to weaken Indigenous rights on pastoral leases, is a 1997/8 phenomenon. The 1967 Referendum gave the Commonwealth the power to make laws in relation to Indigenous Australians. Howard's ten point plan to revise the Mabo / Wik Native Title legislation returns to the states power to make decisions about native title land questions.

City Aboriginal people are often portrayed in the popular media as drunken no-hopers and their country cousins are presented as living in humpies surrounded by children with snotty noses and flies in their eyes. These stereotypical images have not changed much since the days when whites were preparing to 'smooth the dying pillow'. However in recent years two other images compete for time in the media one is of an articulate, determined but reasonable leadership the other is of angry Indigenous protesters clashing with police.

Since the 1960s Aboriginal and Torres Strait Islanders have succeeded in raising public consciousness about their struggle more successfully than at any previous time. As a result there have been some significant changes in the way governments have responded to Indigenous people and the original owners of this country have won some substantial victories. Prior to the late 1960s very few people of Aboriginal or Torres Strait Islander descent were paid social security and it was the late 1970s early 1980s before Aboriginal people in many parts of remote Australia got anything like equivalent access to social security entitlements as other Australians

(Social Security 1982). The 1967 referendum at which 92% of Australians decided to allow the Commonwealth to make laws in relation to Aborigines (Middleton 1977) was seen at the time as being as important a watershed as was the High Court's Mabo decision in 1992 (Attwood 1996).

For some Aborigines state legislation has been at least as important as actions taken on the national stage. As Charles Rowley put it:

the epoch-making Lands Trust Act of 1966 aroused considerable resistance in the Legislative Council, which succeeded in removing the provisions for mineral rights, although these would not have been revolutionary in South Australia, where proprietors of land grants made before 1880 have retained mineral rights alienated from the original grants (1972[c] p. 280).

The Commonwealth's Northern Territory Land Rights Act drafted by the Whitlam Government in 1975 amended and then passed by the Fraser Government in 1976 provided Aboriginal people who had maintained close links with their traditional lands the opportunity to reclaim unalienated crown land in the Northern Territory. The South Australian legislation and the NT Land Rights Act have been the vehicle by which Aborigines in these two regions have recovered ownership of considerable areas of land and have consequently been able to start to develop a secure economic future (Crough 1993).

Greg Crough (1993) building on earlier work of Kelly (1966) and Stevens (1974) shows that even where Aboriginal business enterprises prosper in capitalist terms they are rendered invisible to an invader blinded by the *need to see the failure* of Aborigines and Torres Strait Islanders. The North Australian Research Unit revealed that "there is an 'Aboriginal economy' which contributed at least \$428 million to the economy of the Top End of the Northern Territory in 1994-95 (this is 2.65 times the amount expended by the Northern Territory Government on Aboriginal people)." (Land Rights News 1997, p. 6). Despite many examples of Indigenous business enterprises gaining financial success -usually in association with their regaining of some or all of their tribal land, there are a disproportionate number of Indigenous Australians who are living in poverty.

The experience in the rural and remote parts of the Northern Territory evokes one possible explanation for the widespread poverty of Indigenous people over the length and breadth of this country. Perhaps Indigenous poverty has been exacerbated by the continuing failure of governments, developers, and many other Australian institutions to come to a determination of Indigenous peoples' rights over land which both Aboriginal and non-Aboriginal people would consider just.

In Broome and Darwin it is assumed that Aboriginal people's relationships to country are mere encumbrances on development, or that their silence on land use matters indicates concordance with the views of the dominant public. The prevailing attitude among state and development interests is that the urban landscape must be cleared of such encumbrances (Jackson 1996 p.96, Day 1994).

The Minister responsible for Aboriginal welfare in the Northern Territory told the Federal Parliament in 1952:

If any part of a native reserve has ceased to be necessary for the use and benefit of the natives, it may be severed from the reserve and, if mining should take place on the

severed portion royalties will be paid into a special fund to be applied to the welfare of the natives...(cited in Bennett 1957 p. 30).

Not much has changed 40 years later at the Lockhart River Aboriginal Reserve. Lane and Chase (1996) describe the Environmental Impact Statement (EIS) lodged, in the Queensland Mining Warden's Court, by the company wanting to mine 200 million tonnes of the high grade silica in Shelburne Bay: "...the EIS denied the Wuthathi people any current interest in the area on the basis that a lack of physical presence in the area constituted a dereliction of interest" (p.175). Many Wuthathi people lived less than 80 kilometres from the site and regularly accessed the area to gather' bush tucker'.

## **The Stolen Generations**

In much the same way as white Australia took Indigenous land for farming, pasture, forestry or mining; and took Indigenous women for sex; and took Indigenous men for their labour (Stevens 1974): white Australia attempted to complete the process of dispossession by taking Indigenous children from their communities (National Inquiry into the Separation of Aboriginal and Torres Strait Islander Children from Their Families 1997, Forde 1999). The taking of Indigenous children has not stopped but now instead of the 'protector' just riding up to the 'blacks camp' and loading the children into cars and driving off with them excuses are needed. The two main ways of removing Indigenous children from their community currently employed are criminalising them or having human service workers claiming it is in the best interests of the children to be removed (Cunneen 1997, 2001, Cunneen & Libesman 2000, Tomlinson 1994).

Prime Minister Howard consistently refuses to apologise on behalf of the Government for the actions of all Australian Governments during the period of the stolen children's generations because his present Government, he said, was not responsible. Against the recommendations of the Inquiry into the Separation of Aboriginal and Torres Strait Islander Children from their Families (1997 Appendix 9) the Howard Government has steadfastly opposed the paying of compensation to the children or their families. The Government has again done this on the grounds that this Government was not responsible for the taking of the children. Adam Jamrozik (1997) commented that the "Howard Government was not responsible for the Second World War either but it continues to pay War Pensions".

It is a pity that the Prime Minister had not read and understood the article by Hal Wootten written in response to white backlash in the wake of the High Court's Mabo decision:

We hear a lot about guilt these days, but only from people who are denying their guilt. Some say they should not be called upon to do justice to Aborigines because they are not personally responsible for what happened to them. They work themselves into positive paroxysms of guiltlessness. In what other sphere of public affairs do we regard guilt as the only reason for action? Should Granville Sharp and Wilberforce have ignored slavery because they had not caused it? (1993 p. 2)

The real policy question which must drive any substantial reconciliation process is *justice in the present* rather than guilt in relation to past activities. This prescription is not an endorsement of Pauline Hanson's call for all Australians to be treated equally. Rather it is a demand that Australians are treated equitably. There are great disparities in wealth, income, health, housing,

incarceration rates, and age of death between Indigenous and white Australians. To treat both Indigenous and invaders equally would not be justice. Justice is more than the imposition of the welfare mentality of Prime Minister Howard's '*practical reconciliation*', designed to make minor improvements to health and education. Justice would require reparation for past wrongs coupled with a sincere commitment to partnership in the future.

### **The hegemonic themes underlying Indigenous / non-Indigenous relations for the last 200 years still apply at the start of the 21<sup>st</sup> century**

During the 1990s many Australians have developed an understanding of what it is that governments, pastoralists and miners have done to the original owners of this land. This came about partly as a result of the Inquiries into Black Deaths in Custody and the Stolen Generations but also because during the 1980s and 90s an emerging articulate Indigenous leadership has been able to command the attention of the press and through that the public's interest. There is a growing sense of the injustice done in the past. There is also an emerging understanding of the link between past wrongs and the present:

- social,
- economic,
- health,
- educational, and
- employment

situation confronting Indigenous communities. A significant proportion of Australians living in cities are coming to question the basis on which rich white Australia has inflicted 'development', read dispossession, upon Indigenous Australians. Over 700,000 Australians, including 2,000 in Alice Springs, marched for reconciliation in 2000.

Australians are increasingly questioning the hegemonic themes which have structured Indigenous / non Indigenous relations since the invasion:

- Indigenous people can hold land provided it is not required by white interests,
- if the land is required then Aborigines are expected to vacate it, and
- if they fail to leave the land then either *they* or more recently their interest in the land will be extinguished.

These themes which underpin black / white relations are becoming more widely challenged by both Indigenous and non Indigenous Australians. The reason these themes of development have been so resistant to change is that Indigenous Australians despite their being recognised by 92 percent of voters as entitled to 'citizenship rights' in the 1967 Referendum have not been ceded full economic rights. This is because they have not really been accepted *fully* as citizens in their own land (Reynolds 1996, Tomlinson 1996). When they are used as labour they are often treated not as Australian workers but as if they are 'guest workers' in much the same way as Turks in Germany. In a month or so when the work is over they are shunted back to their camps on the fringes of country towns.

There have been few examples in this country of joint partnerships with the Indigenous population. Australia has rarely seen the development of a major resource where a corporation agrees to the Indigenous community having 50 per cent equity in the project simply because they

have provided the land on which the activity takes place. There has been a failure to acknowledge that the only contributions many Indigenous communities can make is the labour of their people and the provision of the land on which the development takes place. In Australia, in the past, both the Indigenous labour and the land have been intentionally devalued. Companies have not worked to add value to the available labour through effective training nor have they added value to the land through adhering to strict environmental practices and processing of the materials on site. As neither workers nor the land is accorded an appropriate value companies retain greater profit. Because the Indigenous population is not defined as part of the *Australian* situation they are not included in the distribution. Such racism is reinforced for as long as people can get away with it because it funnels the surplus profit extracted from a development to fewer people (shareholders).

### **Where to now?**

The ideologies which drove colonial Australia, whether as protector or exterminator, were directly linked to the extraction or exploitation of a resource. They took:

- the land,
- the women,
- the labour, and
- the children.

On the way they assaulted:

- the environment,
- Indigenous culture,
- the adults and
- the children.

At various times the actions taken by white Australia were explained in terms of:

- the necessities of war,
- pest removal,
- self defence,
- separation,
- 'protection' of the natives, and
- then assimilation.

All of these explanations amount to the removal of the indigene from the presence of whites. Even assimilation amounts to removal of the indigene and his or her replacement by an Australian with a Black skin. It is as if Australia never signed the United Nations Treaty on Genocide in 1947.

The reality of race relations for many in this country has not fundamentally changed since the invasion. The race war which commenced in 1788 continues. Aboriginal academic Lillian Holt (1997) described the present Australian Government's administration of Aboriginal affairs as 'designer label dereliction'. The pastoralists' spokespersons in the aftermath of the High Court's Wik decision demanded extermination of the remaining property rights of Indigenous Australians on pastoral leases. Aborigines and Torres Strait Islanders are not truly regarded as citizens in their own country (Reynolds 1996, Tomlinson 1996, 1997). Aborigines still are only allowed to 'own' land until white Australian companies or their transnational friends have found a use for it.

As a result of the work of many community organisations, Indigenous organisations, Indigenous leaders, progressive journalists, some academics and the many Indigenous and non-Indigenous Australians of good will attitudes are slowly changing. For the foreseeable future many Indigenous people will continue to have their land taken on non-Indigenous corporations terms, their young will be incarcerated in non-Indigenous prisons and children's institutions (Cunneen & Libesman 2000, Cunneen 2001), their employment prospects will be circumscribed by government and corporation's indifference and they will experience substantial income insecurity. Like poor non-Indigenous people they will have to rely on an outmoded welfare income support system. Those who live in remote areas will experience the lack of service provision in the bush. Indigenous people who have disabilities will confront an ableist Australia which is indifferent to the specific needs of Indigenous people who experience disability (Smeaton 1998). The question of disability and income support will be canvassed in the next chapter.

It is clear from the analysis presented in this chapter that Indigenous people's economic base was removed, the areas on which they were confined were underdeveloped, their entry into mainstream employment was often blocked by government regulation, intention or indifference. They have not had the opportunity to obtain housing, health, social security, welfare and educational services in a manner commensurate with white, and in particular city, Australians. The reason why Indigenous people have not succeeded economically at anything like equivalent rates to non-Indigenous Australians has more to do with the structural impediments which the non-Indigenous community has placed in their way than to any cultural or psychological feature of Indigenous society and individuals.

### **Future income support**

The institutional racism which structures Australian society will affect any proposed change to income support arrangements which remove 'mutual obligation' requirements. The history of attempts to introduce generalised income support guarantees in the United States have run into intense opposition when American Blacks have been seen to be beneficiaries of such changes (see Chapter 9). The widespread uncritical acclaim which Noel Pearson's (1999[a], 1999[b]) speeches and papers received when he attacked the welfare system for providing 'passive assistance' underlines the massive resistance in Australia against allowing Aboriginal people to obtain income support without being required to 'give something back'. Two years on his tired reiteration of such ideas is still applauded. Those (Ridgeway 2001, Hart 1999, Tomlinson 1999) who dared criticise Pearson's attacks on the welfare state have been generally ignored.

If a generalised income guarantee was provided to all United States citizens then the cost of providing that guarantee to Black and Native Americans would be considerable because of the substantial percentage of the population they comprise.

Indigenous Australians are 3 percent of the total population. They are 1.4 percent of the adult population. The cost of providing a Basic Income to all Indigenous Australian could not therefore sensibly be opposed on economic grounds. This is so because successive Australian governments have failed to find ways to incorporate about 80 percent of Indigenous Australians



into the market economy – preferring to relegate them to CDEP ‘work for the dole’ jobs and welfare benefits – taxpayers are already picking up the bulk of the bill.

What ever other reasons white Australians might raise for opposing the provision of a Basic Income for all permanent residents they can’t use the argument that the economic cost of including Indigenous people in such an income guarantee would be prohibitive.

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# **7 Disability**

## Disabling policies

The current Australian system of targeted income support is supposedly designed to assist those in 'need'. In 1908 the first Federal income support legislation passed through the parliament made provision for pensions for people with a severe disability and those who were aged. Since that time sickness and other benefits designed specifically to assist people experiencing disabling conditions have been introduced. This chapter develops the argument that the manner in which such payments are constructed exacerbates the difficulties confronting people with a disability. That is the system of income support is itself disabling because income support programs specifically targeted to assist people with a disability lead to *uncertain* and *inequitable* income outcomes (Oliver 1996, p.76).

Issues affecting people with disabilities\* include: the relationship between disability, impairment, inclusion, exclusion, production, citizenship and income. Some people with disabilities earn sufficient income from work to support themselves. Others are forced to rely upon income support and other services from the State. Still others get part of their income from the State and the rest of it from paid employment. Those who are forced to rely in whole or in part on income support or other services from the State are required to meet eligibility criteria. Some are saddled with a range of means and asset tests whilst others are not. Since 1908 it has been assumed that the old are assisted because they are thought to have made a contribution to society and are no longer able to support themselves. Those who were paid an Invalid Pension (now a Disability Support Pension) are presumed to have been incapable of making a contribution. It has become increasingly obvious that even where people suffer similar impairments they may have different capacities to labour. In the case of Blind Pensioners\*\* (included under the Disability Support Pension but without a means and asset test applying to the applicant) the assumption is *not* that they cannot work but that they *can* work. In relation to other Disability Support Pensioners, payments from the State are made in inverse proportion to the other means and assets. The underlying assumption for other Disability Support Pensioners is they need assistance because of their incapacity to work. As will be seen later in this chapter the decision to grant a more liberal means and asset tests to Blind Pensioners is a central contradiction in income support policy in Australia (Jordan 1984). Before considering this contradiction a brief analysis of how *disability* is seen and understood will be provided.

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\*I prefer to use the term 'people with a disability' after the organisation *People First* argued that just because a person may experience a profound disability that does not necessarily mean this disability is the most defining aspect of how they interpret the world. Several British writers use the term disabled people.

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\*\*This term is used in Australian Government Departments to distinguish people who are deemed 'legally' blind who receive the Disability Support Pension from other Disability Support Pensioners.

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## **The individual model of disability**

The individual model of disability locates the 'problem' of disability with the individual and identifies the cause as stemming from that individual's functional limitations. Oliver (1996) contends that these two points are underpinned by "the personal tragedy theory of disability" which suggests that disability is some terrible chance event which occurs at random to unfortunate individuals (p. 32)". He rejects such accounts of the construction of disability suggesting instead that "It is not individual limitations....but society's failure to provide appropriate services and adequately ensure the needs of disabled people are taken into account in its social organisation (p.32)" which leads to disability. Oliver sees disability being created by "all the things that impose restrictions on disabled people ranging from individual prejudice to institutional discrimination (p. 33, p.129)" whether that be inaccessible buildings, transport systems, segregated education or workplace practices which exclude people with disabilities.

Thomas (1999) is critical of the Oliver's model of social disability. She suggests it sets up an untenable dualism wherein disability belongs to the 'social' whilst impairment is left to languish in a modernist medical discourse (p.140). She considers that the systems of classification currently employed in Britain and Australia to determine the extent of a person's disability has some advantage over the purely medical model in that "Disability is no longer conceived of as the illness or impairment itself (Disability = Impairment), but as the consequential impact of illness or impairment on the activities of daily living" that is, impairment leads to disability (p.148).

Thomas (1999), who builds upon Oliver's perceptions by adding a gender analysis and her understanding of biography, is also critical of professionals and agencies who adopt the individual perspective. She notes that, although often well meaning, professionals "are almost always guided by the perspective...that rehabilitation - or restoration to as near as normal functioning as possible - must be the desired goal, and that people with impairment are dependent, limited, objects of pity" (p17). Thomas approves Mason's description of the experience in one disability self advocacy group:

we began to challenge the traditional view of disability as an individual health problem. We challenged the effects of 'internalised oppression', recognised by all marginalised groups as a major tool of the oppressive society; we challenged the conditioned hatred of ourselves and each other as disabled people; we challenged the desire to assimilate (p.27).

Thomas says "Like sexism or racism, disablism can operate can operate consciously or unconsciously, directly or indirectly, and may be acted out in social interactions between individuals or may be institutionalised and embedded in organisational structures (p.40)".

Perry (1995 p.29) notes that people with equivalent levels of impairments often have widely different employment histories. Whether the disabling aspects of experiencing an impairment derive out of the impairment *per se* or arise as a result of the society's response to the presence of an impairment is not an inconsequential matter.

## **The social model of disability**

The way any social issue is conceived will substantially determine what is observed, which problems are identified, how such problems are prioritised and what solutions are sought. This is perhaps nowhere more clear than in relation to disability. Paul Abberley (1999) wrote:

The traditional approach, often referred to as the medical model, locates the source of disability in the individual's supposed deficiency and her or his personal incapacities when compared to 'normal' people. In contrast to this social models see disability as resulting from society's failure to adapt to the needs of impaired people (p.45).

He further argues that *if observers consider disability as social rather than biological in origin then those wishing to assist would have to develop a view of what it would mean for people with impairments not to be disabled before they would be able to develop policies which were capable of combating social exclusion* (p.47).

Many writers representing the views of groups excluded and marginalised from mainstream society are wary of inclusion. The standard advice such writers give to people offered inclusion is that they should ask: on whose terms, and at what cost, but above all they are advised to remember that inclusion is much more than being made complicit in an indecent act. South Australian disability activist David Morell (1998) considers;

'inclusion' in the 'community' is not enough. Indeed the very concept does not make sense. The 'community' itself is so full of oppression, separation, exclusion, diverse interests and conflict for many of those who are already 'included' in it as to render the uncritical use of the concept positively misleading and pursuit of the goal of inclusion disempowering (p.17).

This point is reinforced by Abberley (1999) who contends that:

just because a main mechanism of our oppression is our exclusion from social production, we should be wary of drawing the conclusion that overcoming this oppression should involve our wholesale inclusion in it...

a society may be willing and in certain circumstance become eager to absorb a proportion of its impaired population into the workforce, yet this can have the effect of maintaining and perhaps intensifying its exclusion of the remainder. We need to develop a theory of oppression which avoids this bifurcation, through a notion of social integration that is not dependent upon impaired people's inclusion (p.53).

Both Morell and Abberley would concur with Armstrong & Barton (1999) when they contend that, "Inclusion necessitates the removal of the material, ideological, political and economic barriers that legitimate and reproduce inequality and discrimination in the lives of disabled people" (p.214). Armstrong & Barton go on to suggest:

pity and concern are directed at some groups... only rarely are issues relating to social exclusion and discrimination presented as ones concerned with human rights. Instead, a 'needs' discourse is adopted, suggesting that difficulties ... can be overcome by technical solutions ... a 'needs' discourse is disempowering because it focuses attention away from the possibility of individuals, groups and communities taking responsibility for undertaking action themselves to bring about change (p. 215).

The intensity of the inclusion debate within disability circles is a symptom of the way English speaking societies regard 'normality'. Employment and being 'able bodied' are widely regarded as closely linked. The central requirement for payment of unemployment benefits is that applicants have to establish they are 'ready, able and willing to work'. The eligibility requirement for sickness benefits is that applicants have to establish they are temporarily incapacitated for work and for Disability Support Pensions that one is more or less permanently incapacitated for work. Whether seeking work or income support it is necessary to establish one's capacity to carry out employment tasks. The system of production and society more generally is geared around 'ability' or 'capacity' to labour. Disability activists assert that this 'ableist' ideology plays an important part in centring society around the 'normal', 'able bodied' lifestyle which in turn relegates to the margins those experiencing impairments in functioning.

This connection between working, impairment and disability has changed over time. Thomas (1999 pp.129 -133) notes that during the Elizabethan period the poor law administrators only regarded those who were totally incapacitated for work as disabled. She and Gleeson (1999) suggest that it is the increasing commodification of the relations of production since that time which has led to disability becoming a societal rather than simply an employment artefact, that "disability, as a form of social oppression, belongs to particular times and places and is not a ubiquitous, transhistorical phenomenon" (p.131). Gleeson responds to this historical materialist insight by demanding that politics "seeks to change the underlying structures and institutions that oppress the everyday lives of disabled people" (1999, p.16).

Rather than concentrating efforts upon removing the disabling structures and institutions which exacerbate employment entry difficulties and inhibit other forms of social inclusion, the Australian Government has concentrated upon increasing the income support uncertainties by tightening eligibility requirements and compelling participation in the unpaid economy as a prerequisite of payment of income support (Reference Group on Welfare Reform 2000 [b]).

### **Compulsion, the unpaid economy and the benefits which flow to the market economy**

The unpaid economy embraces both private and public spheres. It was estimated to have made a \$16.6 billion contribution to the Australian economy in 1995/96 (Moyle & Gibson 1997 p.43). Though a significant proportion of this widespread volunteer effort occurred in households much also took place in institutions caring for the aged and for people with a disability or in other social welfare, charity and religious organisations (Moyle & Gibson 1997 pp.38-43).

Else (1996), Mutari, E. Boushey, H. & Fraher, W. (1997), Gardiner (1997) and other feminists have pointed to the unpaid work which takes place in the home which has traditionally been carried out predominantly by women. This is particularly so in relation to inter generational caring. At least as far back as the mid 19<sup>th</sup> century Marx recognised the important contribution such unpaid work within the family made to the economy through the reproduction of the working class (Engels 1978). Prolonging the length of intra family dependency, through cutbacks in income support particularly for the young and by increasing nursing home costs which impacts on those who are frail aged or others who experience significant impairment, has placed increased pressure on those family members who care for relatives and / or for those who are forced to provide income.

If volunteer effort in the welfare industry is recognised at all, it is in relation to the way such unpaid work provides services or allows the agencies to increase the amount or duration of services. Following Putman (1993) and Cox (1995) public 'volunteering' and now 'enforced participation' was marketed by the Liberal Government as building social capital (Howard 2000). Such statements particularly as they relate to compelled 'participation' are an ideological smoke screen which allow governments to continue to cut welfare expenditure, further separating the working and workless, and adding to the stigmatising impacts on the recipients of income support.

Spasmodic recognition is given to the contribution which volunteers make to the economy, principally by cutting the costs of necessary services, thus assisting the market economy by undertaking tasks which would otherwise be done by fully remunerated workers (Lerner, Clark, & Needham, 1999 p.12). Such savings result in lower outlays from the budget, lessening the pressure on corporate giving, and create the image of a society which is more caring than the quantity of funds put into care services warrants. As well as assisting those who are directly helped, such volunteer effort improves the quality of life and the satisfaction of the *truly* included.

In Australia and New Zealand, since the mid-1980s, 'volunteering' has been given increased emphasis as a result of governments' commitment to an 'active society' (Cass 1988) Participation in 'volunteer' effort became increasingly compelled through 'work for the dole' regimes under the Nationals in New Zealand and the Liberals in Australia. Welfare advocates (Bradford 1997) have pointed to the connection between 'work for the dole' schemes and court ordered Community Service Orders applied to those who have committed an offence. Bradford sees the compulsory aspects of 'work for the dole' schemes as having the potential to discourage or displace genuine volunteer effort, her claims are supported by Gorz (1999 pp. 98-100). The combined effect of compelled participation, cutbacks in welfare funding, the heavy involvement of charity, church and local government agencies in running 'work for the dole' programs delivers benefits to the market and this has led to the perception that the process is not about building social capital - rather it is about creating *social capitalism* (Davis 1998).

The Howard Government's extension of 'mutual obligation' requirements from the unemployed so as to include Disability Support Pensioners and lone parents who receive Federal income support twists the obligation tourniquet a further notch. Even people whom Commonwealth Medical Officers have found are unlikely to be able to obtain employment in the foreseeable future, due to their substantial impairment, are required to establish their utility to the State before they can be assured that their income support will continue. The very people whom employers and the State have excluded from the workforce, on the basis that the system of production has no place for those who experience such impairments, are enveloped in a 'mutual obligation' nightmare. Those who experience disability have always had to cope with finding their way between self-help and self-responsibility as a result of the inadequacy of support services and the various Australian reciprocal obligation schemes. Under the 'mutual obligation' regime they are being pushed towards taking increased responsibility to establish utility and worthiness before they will receive income support.

Running in parallel with the demand that those with disabilities make a contribution to their society is the move away from a citizenship / rights focus to a customer focus and this is having a range of effects.

The consumer paradigm also defines people with disabilities predominantly as users of services, paid for largely through public funds, and does not emphasise the way that people with disabilities contribute to the economy. The State is complicit in this assumption through its failure to ensure that people with disabilities are enabled (empowered) to contribute to their potential by the provision of assessable workplaces and jobs, and so limits their citizenship (as participation) whilst simultaneously undervaluing the contribution they do make (Bleasdale & Tomlinson 1999 p.56).

### **The ideological contradiction implicit in compelled participation**

The traditional liberal position is notable for its reliance upon individualism, freedom from constraint, self-help, property and the free play of market forces. “Least government is best government” (Stretton & Orchard 1994, p.1). Market liberals who dominate the Liberal Cabinet have pursued individualism and *freedom from* an interfering government for the well off sections of society. These two features underlie the push towards individualised work contracts, the weakening of the Arbitration Commission, and the demand for a deregulated work place. There is almost an obsession with stopping government interfering in the lives of well off citizens. However when it comes to those who are forced to rely upon income support the Government insists they negotiate with Centrelink or its agents extremely detailed activity agreements which set out when they will participate, the manner of their participation with whom they will engage and for how long.

### **A rights orientation and the connection to special rights**

Prime Minister Howard and his then Minister for Family Services Jocelyn Newman, when they spoke about citizens who received income support, attempted to link 'mutual obligations' to receipt of 'entitlements'. This is a far cry from conceiving of the welfare system as existing to help people cope with the diswelfares of the market (Titmuss 1976). It is even further removed from viewing the system of income support as an absolute right of citizenship or permanent residency. Though many disability activists claim to adopt a rights orientation they often find themselves enmeshed in a discussion of 'needs' as part of a 'special rights' debate. As was seen earlier in relation to Indigenous people such claims can lead to disputation centred round differing evaluations of need and at worst a backlash.

Clearly, to treat unequals equally is as unjust as treating equals unequally and many people experiencing profound impairments have needs some of which are quite different from those of 'able bodied' people. Such recognition lies at the heart of the difference between equality and equity. People with severe mobility impairments might 'need' a wheelchair and those who are blind a white cane. It is possible to guarantee all blind people a white cane and all those who can not walk a wheelchair. However, it would be more useful to incorporate in legislation an extended conception of the '*right to freedom of movement*' so as to encompass more than the removal of politically repressive obstacles. This expanded right would include removal of all impediments to free movement plus the provision of equipment and services which enable those

with mobility impairments to move freely. The advantage of such an approach is that whilst it takes account of individual needs arising out of impairment, it installs a right to freedom of movement which is a general right of citizenship available to all. Expressing rights in a general rather than a specific context is not an argument to 'mainstream', 'broadband' or any other euphemism for neglecting 'special needs' through meeting the lowest common denominator of need. Rather such an approach is based upon the recognition that:

- genuine inclusion requires acceptance and valuing of diversity,
- separation seldom equates to separate but equal, often becoming portrayed as separate therefore *special*, consequently engendering envy, and
- if the benefits are expressed as a universal entitlement they are more likely to be widely supported and as a consequence harder to remove (Goodin & Le Grand 1987).

### **The income maintenance system interferes with independence**

Oliver (1996) argues that "professionalised service provision within a needs-based system of welfare has added to existing forms of discrimination and in addition, has created new forms of its own including the provision of stigmatised segregated services (pp.74-75, p.67)". This is also true of income support programs generally but has particular application to payments made to people on the basis of their experiencing disabilities.

The intense concentration on providing income support or services *only* to those who individually meet eligibility requirements is designed to limit expenditure. This policy is sold to the public as:

- cost efficiency, ensuring the maximum effort is directed to those in greatest 'need',
- ensuring the 'needy' not the 'greedy' are helped,
- encouraging self-sufficiency or at least discouraging 'dependency', and
- ensuring that those in need through no fault of their own are assisted.

Even when payments designed specifically as income support for people with disability are created, the State continues to distinguish between various categories of disability by privileging some recipients. The two most common forms of publicly provided income support available to the general population are sickness benefits and Disability Support Pensions. Those who receive Disability Support Pensions are guaranteed a minimum income for a couple of years whereas those receiving sickness benefits have to provide regular doctor's certificates. This may appear unremarkable in the case of an acute one off illness or injury but those who have irregularly occurring episodic conditions, such as bi-polar disorders, are subjected to payment delays and waiting period uncertainties which often impact on them during their most vulnerable periods.

There are differentials in rates of payment which advantage pensioners. Many people on sickness benefits have almost identical health profiles to many receiving Disability Support Pensions. There are other differences such as eligibility to fringe benefits and access to services which vary between each payment. Some who receive the Disability Support Pension would be advantaged by being serviced by employment agencies which only those on sickness benefit have access. Equally many sickness beneficiaries would be advantaged by having access to services restricted to Disability Support Pensioners. Even those who receive a Disability Support Pension are not treated uniformly as can be seen in the way Blind Pensioners are treated.

## **Blind Pensioners**

Among the ranks of Disability Support Pensioners are some who are blind. Blind Pensioners are not subject to a means or asset test and are also entitled to a payment for their first child irrespective of their means. Payments for a spouse and / or any other children are subject to normal income provisions applying to all other Disability Support Pensioners. Blind Pensioners' special conditions have an interesting history and their treatment presents a contradiction which, when examined, reveals perhaps more clearly than any other form of benefit, the conglomeration of values which underlie much of the social welfare thinking in Australia.

Foremost among these organising principles is that those who determine eligibility for Disability Support Pensions have a preference for physical over mental conditions. The creation of categories demands certainties about conditions and boundaries. Physical features are more readily assessable than are mental ones. Physical conditions which can be observed either directly, or indirectly through a piece of medical technology, are easier to assess than are medical conditions which cannot be detected by existing medical technology. The more certain an assessor is that the applicant fits within the eligibility boundaries, the more readily the assessor accepts that the applicant is 'in need'.

Those who determine eligibility are firmly attached to concept of worthiness; they refuse to accept that social handicaps could constitute 'total and permanent incapacity'; yet, they accept that social handicaps contribute towards disability and they rely on Commonwealth Medical Officers to make objective, consistent determinations about applicants' capacity to work. The degree of sight which a person has can be reasonably accurately measured compared with many other medical conditions. Limited sight might in some circumstances not be such as to constitute 'total and permanent blindness' but some people with lessened sight might experience (other) physical, social or mental conditions which, when taken together with their loss of sight, could make them 'totally and permanently incapacitated'. Such people are not paid a Blind Pension but are paid a Disability Support Pension.

People can obtain a Disability Support Pension for impairments as diverse as being a quadriplegic or suffering from schizophrenia. What is it that is particular to blind people which motivated the legislators to create a separate category? Thane, writing about the British experience, suggests that one of the major pressures on government of the day in the 1920s was brought to bear by the war blind. This was not the situation in Australia where, as early as 1912, the Fisher Government was moving to grant blind people an advantaged position compared with other Invalid Pensioners (Kewley 1973 pp.91-93). This process accelerated until in 1954 the Menzies Government abolished the means test for Blind Pensioners (Kewley 1973 pp309-311) and this policy has remained in place ever since.

If it was a special compassion extended to blind people which led to these arrangements, then there is a major contradiction to explain. Aborigines, the group which on a per capita basis suffers the most blindness were until the 1960s specifically excluded from any social security payment. They are also the group with the least income. If it was compassion which led to the privileged treatment of the blind, then it was compassion tempered with institutional racism.

Kewley asserts that it was *not* a belief that blind people were unable to earn - and therefore had a greater need for income than other incapacitated persons - but, in fact, just the opposite. He says the amendments advantaging the blind arose out of the desire:

to provide them with every inducement to earn something towards their support..... The dual purpose of this provision was to discourage those already at work from leaving it with a view to obtaining a pension, and to encourage others to undertake training for some occupation (Kewley 1973 p 93).

Jordan (1984) cites the treatment of blind people in the first decade of this century when blindness was not considered sufficient evidence of 'invalidity'; and the consistent refusal at least until 1936 to pay blind musicians and beggars a pension whilst they continued to work the streets, as a sufficient refutation of the suggestion that it was compassion which led to the advantaged treatment of Blind Pensioners (Ch. 3). He agrees with Kewley that discrimination in favour of the blind derives from wanting to encourage their greater capacity to work and have a 'normal' life.

The constancy in legislative amendments allowing blind people more generous allowable means without affecting their pension would support this interpretation. It does not answer the question as to what it is that allows governments of all political complexions to exclude blind people from the strict asset and income tests that apply to other Disability Support Pensioners who also have an incapacity to work.

The advantaged position of Blind Pensioners compared with other Disability Support Pensioners occurs in part because lack of sight is seen as a medical as opposed to a mental condition. Unlike bad backs or mental conditions, blindness can be 'objectively' measured. The public feels sympathy for blind people. It is a handicap which is not seen as self-induced; does not necessarily result in disfigurement; historically the blind have been seen as a special worthy category; and many blind people do work, that is, they are not seen as 'bludgers'.

When attempts are made to sieve the assumptions underpinning the preferential treatment of Blind Pensioners compared with other pensioners who are also regarded as being totally incapacitated, the complexity of such an exercise becomes apparent. Promotion of the work ethic is in the forefront, closely followed by the notion of rewarding the worthy at the expense of people experiencing less valued handicaps. This is itself part of the 'less eligibility' debate; the history of which can be directly traced to Elizabethan poor law administrations. The preference for physical over mental or social handicaps is part of this debate - usually manifested in the suggestion that many non-physical conditions are the result of malingering. The failure (until the 1960s) to pay Aborigines, even those who were non-nomadic (Kewley 1973 p.258), and until the 1970s those who were nomadic, exposes the institutional racism of the welfare industry in Australia. So a policy which on the surface may have appeared to have arisen out of values such as equity and humanism is, on reflection, extraordinarily circumscribed. If humanism were the driving force behind the treatment of Blind Pensioners it would be expected that equivalent humanism would be apparent, for example, in the treatment of Disability Support Pensioners who were paralysed from the neck down.



One obstacle to moving towards equal treatment of Blind and other Disability Support Pensioners is that to increase benefits to the blind costs comparatively little compared with making those same benefits available to all Disability Support Pensioners. Once Disability Support Pensioners received special treatment then other categories of pensioners and even beneficiaries would argue they too should receive similar treatment. There is a clear logic in the removal of income and asset tests on people who are deemed to be legally blind as the intention is to remove any financial disincentive to taking employment. Surely there is an even greater logic in removing similar financial disincentives on unemployment beneficiaries who have to establish they are "fit able and willing to work". If governments accepted this proposition then much of the opposition to introducing a Basic Income would evaporate. *This central contradiction in income support policy* in Australia will be further pursued in Chapters 9 &10.

### **Further divisions within the ranks of those experiencing severe disability**

Those who received their injuries during wars are assisted by programs run by the Department of Veterans Affairs. Those injured on the roads by motor vehicles are frequently entitled to payment from insurance companies. Many of those injured at work also get assistance from insurance companies. Some people have private accident and illness insurance. Some are entitled to superannuation payments. All this is a far cry from the proposals for compensation and rehabilitation put forward by Woodhouse (1974) which if they had been adopted would have led to a more consistent and unified minimum income guarantee for those who suffer impairment whether at work, at home or on the roads. As it is now, massive income uncertainty follows in the wake of severe injury.

Because some have privileged outcomes whilst others can finish up without any income after being breached by Centrelink, the possibility of building a broad fighting front to push for reform in the way people with impairments are treated is a pipe dream. The usual point of organisation is centred on the specific type of impairment, such as mental health, acquired brain injury, intellectual disability, or spinal injury. Peak bodies occasionally build relatively weak coalitions which aim to amalgamate disability service sector workers, clients, and supporters across the wider disability sector. These peak disability bodies are frequently poorly connected to the trade union movement which itself is generally distracted, by the struggle to improve work place safety or worker's compensation provisions, from joining the broader struggle to improve basic services to all those who have disabilities.

The forces arraigned against the State are a long way short of that which is necessary to ensure the removal of all barriers which prevent those with impairments being 'included' in a manner which does not disable them.

### **The effect of disabling policies on people with disabilities**

The overall impact of the failure of the State to find a way to include those who experience a disability within a universal income guarantee program isolates those who receive government provided disability income support from other citizens. The confusing array of the various forms of income support - occupational, State provided, road accident insurance, and self-financed insurance - creates divisions between people with a disability. Those who receive State provided

income support are further demeaned and isolated through the imposition of compelled participation (Reference Group on Welfare Reform 2000 [b]).

The creation of artificial divisions between groups of people who are experiencing similarly severe degrees of impairment inhibits solidarity by distorting focus and obscuring the points of unity. The separation of people with disabilities from other income support recipients leads to the view that some are provided with special rights on account of their special needs further alienating them from potential allies. The differential treatment of some Disability Support Pensioners, for example the blind, divides them from others who receive the Disability Support Pension.

The payments reward illness and impairment because once the illness or impairment disappears so too does the payment. All this takes place in a context where the Disability Support Pension, the sickness benefit, a substantial part of the income component of worker's and road accident compensation is paid *not to compensate for the extra costs of living with an impairment* but just to cover the day to day living costs. The extra costs which result from having an impairment are covered by other specific programs

The entire *raison d'etre* underpinning separate payments for those experiencing severe impairments is to recognise *non-capacity* to labour because of illness or impairment. The reality is that the actual differences in payment forms results from how or where the injuries occurred. People's citizenship is undermined through such processes because they deny similarities and potential unity between people. Such separation processes also demean people because they deny people's desire to contribute and their need for relevance irrespective of their impairments.

The construction of income support policies, as they have been implemented in Australia, means the point of focus around which people with disabilities might organise is *non-capacity*. Any community work activist knows it is hard to organise around:

*disability,*  
*ill* health,  
*un*employment,  
*ill*iteracy, or  
*in*numeracy.

It is unlikely that people with severe mathematical deficits are going to rally under the banner "**The Innumerate Don't Count.**" It is easier to organise around positives. It may be possible to organise a small group of people with a specific interest, particularly if they have specific needs and have been specifically discriminated against. Even if the organiser is able to mobilise all of them, they are never going to constitute a sufficient number of people to exert the degree of pressure necessary to bring about a significant shift in the way income support services are organised for all people with disabilities. They might succeed in obtaining short-term advantage for a small group of people. The creation of small scale specific segregated service programs, having numerous ways of obtaining the income support necessary for day to day survival separates the unwaged from each other, from the low waged and also from the majority who work full time. The existing government income support programs designed to assist people with disabilities demean, isolate, separate and marginalise all income support recipients. These

various income support programs operate by creating artificial distinctions in relation to insignificant differences in day to day living costs which all income support recipients confront irrespective of whether they face disability, disadvantage or a combination of both. It is the intentional mystification of the features which are common to all income support applicants which constitutes the denial of unity to those who experience impairment or are in other ways marginalised which adds to their disablement.

### **Relevance to income support**

The multitude of income support forms, which range from private insurance, occupational cover, veterans entitlements, to social security, unnecessarily complicate people's lives. Each of these forms of income support are supposed to help people manage after they have acquired an impairment. It is acknowledged that people with similar disabilities often have very different work histories. Considerable resources are put to determining levels of impairment as a surrogate measure for determining capacity to work. A large amount is spent, by the various funding bodies, on surveillance of people who have been injured in an attempt to identify people who are no longer entitled to be on the particular payment they are receiving. Huge discretion is given the medical and human service benefit determiners to determine which payment applicants receive. The current income support system often becomes part of the disablement process.

A substantial part of this interference in people's lives could be avoided if a Basic Income was in place. People would be provided with sufficient to live on as a right of permanent residence - not because they had a proven impairment. Medical and human service workers could then concentrate their efforts towards providing the necessary services associated with helping people manage their impairment. Unions and government could cooperatively concentrate upon workplace safety. Government and motoring organisations could concentrate on road safety. People with disabilities could take up casual or permanent part time work without it endangering their access to income support if they subsequently leave work.

Introducing a Basic Income would add little to the cost of providing for all Australians who have sickness or severe impairments as compared with existing categorical benefit arrangements. The reasons Australian governments are rusted on to categorical benefits will be explored in the next Chapter.

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# **8 Categorical Payments versus Trust**

## **Trust me: I'm a categorical benefit and I'm here to help you**

In this Chapter the structure of categorical income support is described and the rationale for maintaining this structure is examined in the context of a debate about *trust*. The Australian system is a point of focus but the insights into the ideological mechanisms which sustain the categorical approach from the United States of America, Britain, Canada and New Zealand are discussed. The analysis of need, benefit and control developed in Chapter 2 is particularly relevant to this discussion.

### **The structure of Australian income support**

Funds to pay for income support can be raised through general taxation or via earmarked taxes. In Australia funding for the social welfare budget is allocated from general government revenue. The first policy decision in government-provided income support is to choose between universal provision and payment only to those who meet some predetermined criteria. The Australian system is predominantly of the latter variety.

There are many forms of categorical income support payments the most common being those made to people who can establish they comply with the 'social features' eligibility requirements as well as meeting various income and asset tests. Some writers make a distinction between categorical payments which they see as applying to all who fit into a specific 'socially' defined category, such as lone parents, and those payments which have income or asset tests applying to them. The latter are called 'selective benefits' to distinguish them from universal payments (Kewley 1973, Tulloch 1979, Jackson 1982, Saunders 1994 Ch. 2, Goodin, Headey, Muffels & Driven 1999). I have chosen to treat selectivity as a separate feature but regard it as a frequently occurring component in categorical benefits in most, if not all, English speaking countries. Means testing (selectivity) is an integral part of the Australian income support mechanism. When the Poverty Inquiry recommended the introduction of a Guaranteed Minimum Income (GMI) it proposed that the family be the unit of income and that a means test should apply (Henderson 1975 Vol. 1, Ch. 6, Vol. 2, Appendix 6).

Michael Murray (1997, pp. 41-45) as a part of his argument in support of non-categorical income guarantees points out that one of the least contested forms of income support are pensions paid to older citizens, yet many older people continue to work and have little need for support from the State when compared with some younger people for whom the State has made no provision. He sees categorical welfare payments as a way to sift the worthy from the unworthy (p.41, Tomlinson 1975 [a]) His point is not so much to criticise the design of the various categories of categorical payment but to suggest that categorising *per se* is the problem. "Public assistance benefits should be a function of one's income, not income plus some arbitrary category (Murray 1997 p. 43)".

Arguments mounted in support of selectivity usual suggest that payments are designed to meet a specified financial need. But Saunders (1994) felt that if Australia was to increase the extent of selectivity through additional income support targeting it would "further alienate lower income groups, undermine broad community support for social security and lead ultimately to more, not less, inequality (p. 49)". The increasingly part-time, casualised and precarious nature of

employment in Australia reinforces the importance of decreasing selectivity of income support benefits.

In Australia categorical, income and asset requirements exist for unemployment benefits, the lone parent and Disability Support Pensions. Another common form of income support is family payments which in Australia are paid in respect of all children whose guardians have permanent residency and who meet income and asset tests. These family payments are paid in relation to the number of children and have replaced Child Endowment which was a universal payment made to all families of permanent residents with children irrespective of means. All citizens and permanent residents who have lived in Australia for the required period and who are over specified ages (a differential qualifying age based on gender is being phased out) have an entitlement to an Age Pension if they meet income and asset tests. Though the Age Pension is a categorical payment it is so widely available and has only age, residential, income and asset eligibility requirements that it is closer to family payments than most other forms of categorical payments.

Australian income support payments are paid from consolidated revenue, there is no earmarked social security tax - there was one but it was phased out by the Menzies Liberal Government in the early 1960s (Smith 1993 p. 55). Australia does not have a social insurance system of income support though Menzies attempted to introduce one in the 1930s. The compulsory workers superannuation system introduced by the Hawke/Keating Labor Government insists workers' and employers' contributions be paid to the private insurance industry. It is not a government income support payment, rather it is an occupational welfare benefit. Generous tax concessions are provided to encourage this privatised superannuation.

### **Obstacles to integration**

Since the introduction of Bismark's welfare program in the 1880s many writers have argued the prime purpose of 'welfare' is control, contain and yet find a place in society for those who experience the diswelfares of the market economy (See Chapters 2 and 3). Others, notably Goodin & Le Grand (1987), Goodin, Headey, Muffels & Driven (1999), have argued that if the prime purpose of such welfare payments is integration then universal, rather than categorical income support payments, better achieve that end.

Coming from a different direction Sztompka (1999) asserts that the issue of societal integration is part of a wider sociological concern with problems of modernity. He identified five features which sociologists have identified as the 'dark sides of modernity', they were:

the 'lonely crowd theme,' running from Tonnies to Riesman, indicating the atrophy of moral communities, isolation, atomisation and individualisation of social life. Second, the 'iron cage theme,' running from Weber to Bauman, focusing on the formalization, depersonalisation...and reification of individuals. Third the 'anomie theme,' running from Durkheim to Merton, and emphasising the chaotic (nature of existence)...Fourth, the 'alienation theme,' running from Marx to Seeman...which leads to loss of identity, dignity or sense of purpose in life. Fifth, the 'revolt of the masses theme,' initiated by Ortega Y Gasset and Wirth, delineating the negative sides of urbanisation and the development of mass symbolic culture (Sztompka 1999 pp. 6-7).



Each of these 'dark faces' can be identified in the construction and administration of the Australian categorical benefit system.

Applicants for benefits, pensions and allowances are isolated in a 'lonely crowd', they have to establish their eligibility as atomised individuals. Lined up in Centrelink offices or in contracted out privatised agencies, they are subjected to bureaucratic rules and are reified - metamorphosed from Mary-Jane Smiggens into one of 'the unemployed'. They are subjected to ever changing, often arbitrarily applied, 'rules' which remove their sense of security. Forcing unemployed people to take the first job, rather than a job for which they have skills and training or aptitude, demeans, deskills and alienates them from their professional or technical identity. Occasionally tired of struggling to pay the rent in high rise housing commission apartments and having to meet the various whims of their benefit controllers they do 'revolt' (Vassilopoulos 2000, p.4).

### **A brief reiteration in relation to categorical, income and asset tested benefits**

Johnathan Boston and Susan St John (1998) point to market liberals' claim that the system of categorical targeted welfare benefits "imposes lower costs, improves efficiency, enhances equity and encourages altruism and private charity" (p. 95, Saunders 1994 pp. 45, 110-113). One argument mounted by proponents of targeted welfare assistance is that because categorical benefits are directed to fewer people than in universal systems they can afford to be more generous. Jim Tomlinson (1998 pp. 33-51) sees claims about the lack of affordability of decent welfare state provision as new right rhetoric, unjustified by present or past experience and unlikely to become reality in Britain in the future. Saunders' (1994) analysis of OECD nations led him to assert:

The two countries with the greatest reliance on means-tested, social assistance pension provisions (Australian and the United Kingdom) have amongst the lowest pension generosity rates, amongst the highest incidence of poverty amongst the elderly and, most significant of all, the lowest transfer effectiveness percentages (p.117).

In Australia there has developed a schism in the public's mind about those who have made 'adequate provision for their own retirement' and those who are reliant on the State for support in their old age. Those who have superannuation or other wealth producing assets which place them beyond Age Pension income and asset levels are portrayed as 'self funded' retirees. The epithet 'self funded' is a misnomer in most instances. Generous tax concessions apply to superannuation. Some rich people receive more dollars in foregone tax on their superannuation contributions than pensioners receive from the State, some have been born to or married into rich families, some have assets acquired prior to 1986 (which attract no Capital Gains Tax) which they obtained by diverting income into an asset investment, thus avoiding income tax.

The suggestion that a residual categorical benefit system encourages altruism and private philanthropy has been part of the Australian Liberal Government's rhetoric. The evidence so far shows that the response by business has been disappointing (Howard 2000, ACOSS [a] 2000, Raper 1998, p.3, Thomas 2000 p. 1, Reference Group on Welfare reform 2000 [b] p.36).

Boston & St. John (1998) after reviewing the New Zealand experience assert "the key reason why a targeted system is cheaper than a universal one is that it facilitates lower, not higher levels of support for those most in need (p. 96)".

Some of the arguments in favour of universal, rather than categorical, income support revolve around the issue of the greater capacity to develop the social and political momentum to sustain universally available payments when compared to the vulnerability of specific targeted benefits (Goodin & Le Grand 1987, Saunders 1994 p. 45).

Drawing on her experience of the United States payments to poor mothers Mink (1998) says:

- "the strength of specific entitlements often depends on what we think of the people claiming them" (p. 13),
- "Income support for needy citizens tends to be stingier and more begrudging than for citizens who are believed to have paid for it" (p. 14),
- "Historically benefits for those who most need them have been the most fragile - most susceptible to political attack" (p. 15),
- "the moralism that has so excited welfare politics over the last thirty years has always been at the core of welfare policy" (p. 34), and
  - Across thirty years, anti-welfare politicians and the public whose resentments they captured transposed mothers who need welfare into cheats...the program that originated to support care-givers was transformed, in the public imagination, into a program that paid lazy, immoral mothers to do nothing (p. 129).

The argument about greater economic efficiency of targeted benefits is refuted by the three country study conducted by Goodin, Headey, Muffels & Driven (1999). Boston and St. John (pp. 96-98) point to confusion and disincentives arising out of combined tax and social services withdrawal rates as a major cause of inefficiencies.

In relation to equity Boston & St. John (1998 pp.100-101) point out that in a universal system:

- though both rich and poor receive the same quality and quantity of assistance it is worth more to the poor,
- that the welfare state is more than a clumsy way of arriving at a minor redistribution of income between classes, rather
- its ethos goes to the promotion of justice, belonging and tolerance of diversity.

Many writers have noted that attempts to assist *only* the poor may mean that many poor people, particularly those who are illiterate or who are not fluent in the language of the main stream, may not know about or apply for such targeted benefits (Saunders 1994 p. 118).

In relation to New Zealand, Boston and St. John (1998) conclude that "despite constant political rhetoric to the contrary, greater targeting has not protected the relative position of the poor or delivered a fairer society" (p.112). Similar conclusions have been made about the Canadian experience (Lerner Clark & Needham 1999).

It has long been recognised that stigma inhibits some poor people applying for targeted benefits (Jordan 1973, Sennett & Cobb 1973, Waxman 1977, Gorz 1999). Stigma is implicit in every categorical welfare program which defines eligibility in terms of weakness, failure, inadequacy,

or deficit. Selectivity adds to the stigmatising impact of such benefit by adding the negatives of poverty and 'need' to the other categorical components.

After seven years of the National Government's consistent attempts to return that country towards a residual welfare state, Boston, Danziel and St. John (1998) concluded the changes wrought had not made New Zealanders

more confident, more prosperous, more self-reliant, and more secure ...Poverty and social exclusion have intensified, income disparities have widened and unemployment remains a serious problem (p. 301).

Perhaps the most surprising attack launched on the integrity of the Australian categorical income support system arose at the beginning of Howard Government's review of welfare services. At p.9 of the 'discussion' paper Minister Newman (1999) claims that "maintaining equity, simplicity, transparency and sustainability" are her key principles. Yet two paragraphs later she asserts "Simply providing payments to everyone who fits into a particular category fails to recognise the different capacities and potential people have to contribute to their own future." This is from the woman who at page one of her text praised the efficiency of Australia's categorical targeting system. The real reason behind such contradictory statements is revealed when she writes "In short, good economic policy is good welfare policy" (p. 10).

This Minister's suggestion that public servants should discriminate between applicants who meet the same set of eligibility requirements overthrows the entire 'rights' basis of Australian social security law since the introduction of the Age pension in 1908. It also confounds the principles of bureaucracy as set down by Max Weber and upheld on a daily basis by the Commonwealth's own Administrative Appeals Tribunal. In any case such an interpretation undermines certainty for benefit applicants and would seem to fly in the face of natural justice.

Newman's rejection of universal payments is understandable, coming as it does from a conservative liberal. However the intensity of the suggestion that an individual who meets the eligibility requirements of a particular categorical income support payment should be treated differently from another who also meets equivalent requirements derives out a particular reading of both the conservative and liberal traditions. From the general liberal position comes the desire to individualise solutions for people. However when it comes to individualising outcomes for welfare recipients the intention is not to remove some interference from the State but rather to allow the State to insist on certain 'contributions' from the recipient. This is not an exercise in libertarianism rather it is a Hobbesian inspired market liberal position. From conservative politics comes the desire to return welfare to the days of the Elizabethan poor laws, before attempts at codification (designed to try and ensure equality of treatment) were begun. This 17<sup>th</sup>. century welfare system left the fate of the poor in the hands of the parish rather than the State. When Ministers are determined to pursue different outcomes for individuals who meet the specified eligibility requirements (specified by the parliament) it is clear just how uncertain are the lives of those who have to rely on Australian Government provided income support.

### **Restoring faith in the system**

In Australia since 1909 compliance and anti-fraud measures have been in place to ensure that only those who were entitled to receive payment were paid. It was once suggested to me, by a staffer in the late 1980s, that a Labor Minister of Social Security was increasing fraud surveillance and compliance measures which unemployment beneficiaries had to meet '*so as to restore taxpayers faith in the system*'. The minister may well have believed that himself. The end result was that thousands of recipients were cut off benefits (a large majority of them successfully appealed and were reinstated) but the myth of the fraudulent claimant gained ground. Increasing numbers of fraud and compliance officers were employed to search for 'dole bludgers' and their mandate was expanded (Nolan 1997). The public's faith in the system was even further eroded.

The Liberal Government, on coming to office, substantially increased the number of officers involved and the scope of its fraud and compliance measures. In the financial year 1999/2000 over 200,000 social security recipients were breached compared with 121,000 in 1997/8 (ACOSS 2000 [b] pp. 2-3). "In 1998/ 99 out of more than 6 million Australians receiving social security there were only 3011 convictions for 'welfare fraud'. That is less than a tenth of one percent of recipients fraudulently obtained benefits" (ACOSS 2000 [b] p.3). It is clear that the Government is using Centrelink's administrative breaching capacity of to discipline beneficiaries because 99.9% of beneficiaries are not claiming illegally. Cuts in welfare expenditure are more easily achieved by administrative fiat than through the courts.

Intense efforts are waged by the Australian Government to identify applicants for payments who do not meet the totality of eligibility requirements. As well a disproportionate effort is devoted towards identifying and prosecuting 'dole cheats' compared with the effort directed towards finding 'tax cheats'. The reality is that there are a minuscule number of people attempting to defraud the welfare system. The amount of money at risk is small, efforts to locate 'abusers' of the system could not be justified in pure fiscal terms when compared with the amounts involved in tax avoidance and evasion.

The crack down of the fraudulent recipient began before the advent of the Howard Government. Enforcement efforts have substantially increased since the occupation of the Treasury Benches by the Liberals. The search for 'dole cheats' is undertaken to send a message about recipients' trustworthiness. All their stereotypes about widespread defrauding by 'dole bludgers and single mums' are reinforced when the public hears that 200,000 recipients were breached. This leads to a climate of distrust. Many recipients of income support have internalised such negative perceptions of other recipients. This further isolates them from other recipients with whom they have a potential common interest.

As mentioned in Chapter 3 Howard (2000) announced his support for the development of a social coalition - which he recognises requires the development of a partnership between disparate sections of the community through the building of social capital. Prime Minister Howard confounded this effort by compelling participation through the imposition of his 'mutual obligation' strategy. The fact that the Government of the day feels it is necessary to insist that recipients engage in 'work for the dole' and other compulsory obligations, when coupled with the widespread breaching of recipients for failure to comply creates a climate of community distrust. As Sztompka (1999) warns, a "culture of distrust is typically dysfunctional; it prevents

cooperation and destroys community”(p. 112). If Sztompka is correct then the inordinate reliance on compliance and anti-fraud activities, particularly when coupled with compelled activity, undermines the social basis on which social capital might be built. The strongest form of social capital would be where all in a society respond in much the same way as D'Artagnan and the three musketeers 'all for one and one for all'. Then a climate of trust would pervade the entire country and the greedy (and the inordinately fearful) would no longer dare question adequate provision to those who experienced the diswelfares of the market. This is a far cry from the facade of social capital erected by those who feel the need to compel the poor to participate.

### **Universalism requires fewer controls**

During the Cold War western militarists trotted out the cliché 'The price of liberty is eternal vigilance.' To which peaceniks responded 'The price of eternal vigilance is liberty'. Given the intensity which economic fundamentalists pursue freedom from government interference in the market, it is surprising that so few of them (*contra* Friedman 1962) want to extend such liberty to those who suffer the diswelfares of the market. This degree of disregard for consistency is only matched by economic fundamentalists' promotion of simplicity/efficiency/lack of regulation in productive processes but retain an intensely regulated/residual/targeted welfare delivery program.

During the period of the mid 1960s and early 1970s I worked as a social worker in the Commonwealth Department of Social Security in Queensland. This was before the introduction of sole parent pensions and the Queensland State Government paid a variable allowance to parents who did not qualify for the Commonwealth Widows Pension. Both the Commonwealth and the Queensland Government had inquiry officers who visited the homes of applicants to enforce the *no* 'man in the house' rule just as was done in the US Aid to Families with Dependent Children program at the time. Clients of both the State and the Commonwealth Departments referred to such inquiry officers as '*bed sniffers*' because of the invasive nature of their inquiries designed to establish the presence or absence of a male. One of my clients was threatened with having her payment cut because an inquiry officer had found a safety razor in her bathroom cabinet. She claimed it took her an hour to convince the officer she used the razor to shave her legs. Eventually some of these clients became organised and fought for the introduction of Commonwealth payments to lone parents (Client Power 1975, Tomlinson 1975 [b]).

The '*bed sniffers*' have in large part been replaced by fraud and compliance officers, and nowadays there are a range of regulations which provide fully informed clients some protection from such extreme forms of invasion. But the stigmatising impact of 'visits' by such 'investigators' has continuities with the past. The tightening of regulations, increased reporting requirements, 'mutual obligation' requirements, the insistence that custodial parents take maintenance action against their children's non-custodial parent, the considerable increase in the number of compliance personnel and the expansion of the range of surveillance techniques leads many clients feeling that 'the more things change the more they stay the same'.

There are right wing writers like Lawrence Mead (1986, 1997) who blame the permissiveness of the welfare state for the deplorable moral state of the nation State and who see the solution lying in increased control and supervision.

The more detailed are the eligibility requirements for specific forms of categorical payments the greater the need for a detailed investigation of the circumstance of each client. With a universal payment the only evidence needed is proof of permanent residence and in the case of young children, evidence of guardianship. Universal payments have less need to interfere in the lives of citizens. As mentioned in Chapter 3, the liberal philosophical position is intimately connected with a particular form of liberty - a liberty *from* interference.

### **Trust: should we risk it?**

The modern welfare states in Britain, Australia and New Zealand each became consolidated in the aftermath of World War 2 and were reinforced by the bitter memories of the 1930s Depression in these countries. The Second World War was a time when each had been forced to rely on all. Forty years later economic fundamentalism increasingly impacted on governments and '*homo economicus*', driven by a constantly calculating desire to maximise profit and limit costs (particularly social outlays), gained ascendancy. Gradually economic fundamentalists put into place all the pieces of a Hobbesian nightmare. The spectre of the 'struggle of each against all' returned, seemingly oblivious of Hobbes' description of life in such circumstances as being 'nasty, brutish and short'. In the words of the Australian folk singer Eric Bogle:

Hard times put us to the test.  
We held our wallets to our chest  
and said that I'm all right Jack  
and to hell with all the rest.

The British journalist, B. Campbell (1999), says the greatest success of economic fundamentalism is that it has allowed people to forget the victories of the welfare state; those victories were the expansion of public health services, education, and income support. At the time of the creation of the modern welfare state it was recognised that citizens collectively paid taxes which the government used to fund pensions and services in order to overcome Beveridge's five giants of 'squalor, want, ignorance, disease and idleness' (Timmins,1995). Economic fundamentalism, with its concentration on the optimal economic decision-making capacity of each individual, has succeeded in having many in the population consider public expenditure as if it was *an individual's own money* which was being spent. Once this template is applied to public spending then each individual (who accepts the fundamentalist mindset) will want public money spent in such a way as to enhance that particular individual's economic betterment. The wider public interest in the maintenance of a decent society is thus submerged. This, coupled with Maggie Thatcher's assertion 'that there is no such thing as society' evokes the image of Riesman's 'lonely crowd' with its atrophy of moral community.

Sztompka (1999) suggests the "moral community is a specific way of relating to others whom we define as 'us'. ... 'Us' means those whom we trust, towards whom we are loyal and for whose problems we care in the spirit of solidarity (p.5)". Such a delineation of function may have use in some small scale community. In a modern nation state there is a need to create a system of interaction which can cope with the care and maintenance of all citizens; many of whom we cannot know and at whose problems we can only guess. There is a need to develop a solidarity not only with 'us' but with 'others' - with strangers. The adage that 'it is not possible to be free

whilst others are in chains' translates to income support in the form of it being impossible to satiate hunger whilst others starve.

Sztompka argues that "Trust becomes an indispensable strategy to deal with the opaqueness of our social environment (p. 13)". However, as economic fundamentalists have demonstrated, indifference to impact on others is (at least in the short term) an equally viable strategy. Tied to any expression of trust is consideration of the amount of risk. Risk is less when individuals are able to limit or specify what is being risked. The people who think of their taxes as going to general revenue and as a result becoming public funds which are allocated by the government are risking less than other tax payers who conceive of their tax contributions as somehow funds which should be directly put to *their* personal economic advancement.

Ulrich Beck (1992) developed the concept of the *Risk Society* in his book of the same name. Writing in reaction to the ecological, social and political threats which he considered late 20<sup>th</sup> century global economic and technological ideas and practices were imposing on people and governments he contended that :

In advanced modernity the social production of wealth is systematically accompanied by the social production of risk. Accordingly, the problems and conflicts relating to distribution in a society of scarcity overlap with the problems and conflicts that arise from production, definition and distribution of techno-scientifically produced risks (p. 19).

In a later work Beck (1994) adds to this view by asserting that in such a society "social, political, economic and individual risks tend to escape the institutions for monitoring and protection in industrial society" (p. 5).

Underlying politicians' perceptions of the 'risk' the less affluent present to the wider society are preconceptions about social and moral risks as well as views as to potential economic hazards. Beck suggests that "Statements on hazards are never reducible to mere statements of fact. As a part of their constitution they contain both a *theoretical* and a *normative* component" (Beck 1992 p. 27) [italics in original]. He goes on to state that "like wealth, risks adhere to a class pattern, only inversely: wealth accumulates at the top, risks at the bottom" (p. 35). After pointing to the difficulties which poor people have avoiding unemployment, ill health, pollution, etc Beck says "A sufficiently well filled wallet puts one in a position to dine on eggs from 'contented hens' and salads from 'pampered heads of lettuce'"(p. 35).

Beck (1992) asserts that whereas class society was organised around equality or the lack of it, in a risk society the central preoccupation is with safety: "Basically, one is no longer concerned with obtaining something 'good', but rather with *preventing* the worst" (p. 49) [italics in original]. People may unnecessarily limit their activities because they don't understand the very limited nature of the risks to which they are exposing themselves, for example, inordinate fear of assault leads some people to confine themselves in their home, at other times people fail to accurately measure risk and consequently endanger their safety as in the case where a minor rise in the number of train accidents leads people to drive on busy motorways instead (Adams 1995 p.55).

It is generally acknowledged that the development of trust is more readily obtained when little is at risk, the amount of risk is known and the act of trust is expressed between people who know

and like each other rather than amongst strangers. A confounding feature of such ease of trust occurs when close friends and lovers let their comrades or partners down. The intensity of feelings of betrayal are much greater between friends than in a situation where strangers betray a similar trust. This phenomenon occurs because when trust is extended to friends the extender of trust predicts the degree of risk to be low, based on past knowledge of the colleague's behaviour. The person extending the trust is taking a considerable risk as to his or her reputation as a competent predictor the trustworthiness of close associates. It is generally true that most friends can be relied on to meet our expectations of them and this reinforces the degree of distress experienced when a friend fails to live up to our estimate of their reliability. Most people feel more at ease extending trust to those close to them, yet the potential loss of face (should betrayal occur) means that, at one level, the actual degree of risk is greater when trusting a friend than extending a similar degree of trust to a stranger. This is so even though the likelihood of being let down by the stranger is unknown.

The very features which are chosen to be measured may or may not provide a good 'measure' of hazard no matter how accurately they are documented. I am extremely fond of shellfish, prawns, crabs and lobster. Thirty years ago following a heart operation I was strongly advised to dramatically decrease all foods high in cholesterol. To my surprise I found the aforementioned seafood amongst the *verboden* on the grounds they contained considerable levels of cholesterol. (I only reluctantly eat lettuce whether 'their heads are pampered or not'.) To some extent I heeded the advice and avoided fatty bits of rump steak but felt I'd rather die than give up such seafood. About 20 years ago researchers began to distinguish between 'good' and 'bad' cholesterol. My favourite seafood is now recommended along with oily fish for those wishing to avoid heart conditions.

Adams (1995), whose approach to risk derives out of a desire to manage risks, has been heavily influenced by a 'cultural construction' of risk, by which he means that "where scientific fact falls short of certainty we are guided by assumption, inference and belief" (p. ix). Problems of measurement, such as: inadequate sample size, the failure to analyse like or associated features and near misses (Adams 1995 Ch. 5), plus the methodology utilised to interpret data affects the accuracy of estimates of the degree of difficulty any action is likely to cause to the risk taker. There is another feature which substantially affects the degree of risk associated with measurement. An experimenter's specific ideological perspective determines what *is* and what *is not* measured. An ideological interpretation is also applied to the collected data and the findings deriving from the analysis. This influences what observers makes of the 'facts'.

It is not possible to live any sort of interesting life without being placed in situations where some risks exist, whether or not they are appreciated. Risk management becomes a question of limiting known risks and attempting to identify the degree of probability which attaches to those risks. One of the major debates in income support policy is the likelihood or otherwise of work disincentives being created as a result of de-linking income support and work requirements.

### **Work disincentives**

During the 1960s a number of large experiments were set up in the United States and Canada to test the likelihood of people dropping out of work once income guarantees were in place. In



Australia a small trial was conducted by the Brotherhood of St. Lawrence ( Liffman 1978, Benn 1981). The North American trials were conducted to test econometric modelling which had predicted a cash / leisure trade off. The debate as to outcomes has raged ever since. Some researchers (Whiteford 1981, Pixley 1993 Ch. 4, Murray 1984 p. 153) claim that the evidence which such studies provide revealed a widespread major impact on work readiness where as others (Burbridge 1981, Tomlinson 1989 Ch. 3, Lerner, Clark & Needham 1999 pp.20-23) claim the evidence revealed exactly the opposite. They argue that the disincentive effect, which the provision of an income guarantee creates, has only a marginal influence on work preparedness. Liffman (1978) and Benn (1981) who were both involved in the Brotherhood of St. Lawrence experiment were not able to locate work disincentive impacts resulting from the provision of guaranteed minimum income on the very poor families studied in the Brotherhood project.

Since the 1980s in Australia, the predominant policy position was that income support should be linked to work willingness (Cass 1986, Pixley 1993, Baldwin 1995, Perry 1995, Newman 1999). Universal income guarantees were opposed on the grounds that such de-linking of income support and work would result in many people leaving work of their own accord (Pixley 1993). The debate raged on seemingly oblivious to three things:

- people work for many more reasons than just the obtaining of income,
- the income guarantees being suggested were set at about the Henderson Poverty Line and that income at such levels would not provide anyone with the wherewithal to live 'the life of Riley', and
- for most of that period the officially recognised unemployment level was in the order of 10%, so even if 5% of people left work to 'live it up on the dole' many people were available who were desperately seeking work.

If universal income guarantees were in place and "a few people did prefer to opt for a low-income, high 'leisure' lifestyle, the social cost would be negligible since the productivity of this type of person is likely to be very low, and in conditions of labour surplus others could take the available jobs (Standing 1999 p.106)".

According to Daniel Moynihan (1973) the concern about the alleged work disincentive effect was a central question in the United States debate, confounding the Nixon Administration's effort to introduce a Guaranteed Minimum Income. It is an ever present component in Australian and New Zealand parliamentary debates about income support. It is also a central preoccupation in Blair's Third Way (Finn 1999, Eatwell 1999).

It usually takes many years for a politician to become a minister in Australia, New Zealand or Britain. Most have spent a long period in the rarefied atmosphere of parliamentary life, living on a substantial salary, and with minders whose job it is to shield them from the demands and realities of poor people's lives. As a consequence they have lost contact with the everyday lives of less affluent citizens. Many who are preselected for the Liberal Party in Australia have, their entire lives, lived a quite privileged existence. So many ministers of parliament either have never known much about poor people or, for those who have then, such insights rapidly become a receding memory.

Because they don't know many low income beneficiaries, they don't understand poor people. When they come to determine the extent of trust they should extend to welfare beneficiaries they

are in a situation where they are trying to estimate the trustworthiness of strangers. Giddens (1994) suggests "Familiarity ' is the keynote of trust" (p. 81). As a result ministers are likely to rely on stereotypes to inform their decisions as to poor people's trustworthiness (Sztompka 1999, pp. 42 & 79-80). Because stereotypes of distant low status people have a strong one dimensional character, most of the positive and endearing aspects of people is lost and as a result less trust is offered than would be the case were the recipients known to the politician making the judgement. This has the potential to further purge recipients of their identity, humanity, dignity, and autonomy (Sztompka 1999, p.65).

The very thing which could limit the extent of risk experienced by politicians is substantiated research which would reveal the 'facts' about such questions as the extent of work disincentive which would be likely to occur were an unconditional Basic Income installed. However the reliability of 'the facts' generated by anything less than that provided by a nationally implemented Basic Income run over a number of years will always be contested by those opposed to universalism as the United States and Canadian 'work incentives' experiments demonstrate.

In the absence of 'facts' to the contrary (irrespective of their knowledge of poor people) ministers are likely to estimate the risks involved by viewing the 'evidence' through the lens of market mechanisms. Barry (1998) suggests:

The neoclassical liberals seem to believe that welfare problems, for example unmarried motherhood, voluntary unemployment and so on are rational responses to the incentive structures that face individuals. Social based harmony will emerge spontaneously only if the appropriate market-based signals are operative (p.58).

The application of such a market philosophy to social policy jeopardises the wellbeing of low income earners.

All over the world governments have been cutting social benefits and making them more selective, in the name of cutting public expenditure and 'targeting', which means more means testing, tighter conditions and so on. Social protection is being partially privatised, and economic and social *insecurity* is becoming pervasive (Standing 1999 p. 101) [italics in original].

Economic fundamentalists have had inordinate influence upon economic and social policy in New Zealand (Kelsey 1995) and Australia (Pusey 1991, Vintila, Phillimore & Newman 1992, Rees, Rodley & Stilwell 1993, Stilwell 1999). This impact has been replicated in Canada, Britain and the United States. In relation to income support since the 1980s there has been a consistent pattern emerging. Increasingly targeted income support usually accompanied by increased 'mutual obligation' requirements have whittled away at universal provisions. These changes have been put in place at the same time as privatised provision has been promoted. In Australia, Labor legislated to compel employers and employees to make superannuation contributions to the private insurance industry. Liberals have undermined Medicare's universality by subsidising private health insurance. In Britain 'New' Labour's "covenant between state and citizen, (is) based on 'thrift for all' through subsidised self-provisioning" (May & Brundson 1998 p.298). In Canada there is a growing 'individualization of risk' as State provision becomes less and less universally provided (Lerner, Clark & Needham 1999 pp. 11, 34-37). Beyond the direct impact

on recipients of welfare services the prevailing economic fundamentalist mindset has considerably impacted on the way that the public in general responds.

### **Joe Blow's perspective.**

During the last two decades of the 20<sup>th</sup> century Australians showed an increased ideological commitment to the concept of individual desert. The public began to focus upon earned rights rather than general rights of citizenship. The old presumptions about:

- the aged having 'earned an entitlement' to support because of a lifetime of work and paying taxes,
- those with severe disabilities being provided with support because they were 'in need through no fault of their own',
- widows being helped because their 'provider' had died,
- free schooling being an 'unquestioned public good',
- the provision of universal income support for children because it was 'their well being on which Australia's future depended', and
- even the unemployed needing help because 'it wasn't their fault' they were without work all came under serious challenge.

The economic fundamentalist industrial prescriptions of enterprise bargaining, individual contracts, the limitation of national wage cases and the undermining of awards, coupled with fiscal deregulation, lowering industry protection, lowered tariffs and the promotion of free trade agenda became widely accepted as the only possible prescription to ward off the problems of globalisation. Not surprisingly, this increased the psychological split between those out of work (or with insufficient hours of work) and those who were employed full time who found themselves working in excess of 50 hours per week.

In the bush; global trade, competition policy and the expansion of agribusiness heralded the demise of the family farm. In the cities occupational welfare provisions which the unions had won through years of struggle were challenged at the very time when industry restructuring, amalgamations and takeovers were leading to increased redundancies. The sop to the union movement offered by Labor was a compulsory (privatised) superannuation scheme. This reinforced the concept of earned rights extending the inequalities of the workplace into the post work phase of people's lives. All of these features eroded the concept of community and solidarity. Citizens, threatened by the increasing rate of change, experienced raised levels of uncertainty to which they responded by attempting to protect their perceived individual interests.

The promotion of self interest over common interest has undermined support for a comprehensive welfare state. This at the very time when another reading of risk might have led people to decide that *now* the need for universal provision of welfare services was greater than ever. In order to justify their move away from a commitment to universalism many point to the propensity for 'widespread fraud' of welfare provisions and the unproductive nature of giving people 'money for nothing'.

### **The 'bludgers' wouldn't work in an iron lung**

The most frequent response I have encountered when discussing the introduction of a Basic Income with people who have not thought a lot about Australia's system of income support is: "If everyone could get 'the dole' for doing nothing then none of the bludgers would work they'd just go and lie in the sun on Surfers Paradise beach." When I ask: "Why do you think that?" They say "Well I wouldn't go to work if I could get away with it." Usually when pushed on this response people say that they're bored with the work they are doing and would like to have time to write, read, do further study, spend more time with the family, do more interesting work or that they just need a break. But at the moment, they are working too hard or doing too much unpaid overtime (which they claim they to *need* to do either to keep their job or to do their job well). If pushed further many admit that going to work provides meaning in their lives and that they work, for reasons in addition to economic necessity. They may even agree they couldn't manage anything like their current standard of living (if they had to survive on an income set at the Henderson poverty line) and would continue to work in order to maintain their current consumption level. Some accept that in large part their identity is tied to their conception of themselves as someone who works, who produces, who contributes to the society and even to the type of work that they do. Almost invariably, when they reach that point of analysis, they revert to their first statement "Yeah, I'd still work but if you had a Basic Income in place, we'd be overrun with 'dole bludgers' and very soon there'd be hardly anyone working and the whole society would be bankrupted."

The French Marxist Andre Gorz (1985 ch. 4) attempted to decommodify work by arguing for a redefinition of work to include non-remunerated socially useful activity. He pointing to the contradiction that many who believe in 'the religion of work' as a source of identity and personal achievement object to income guarantees. He assert it s paradoxical to "glorify work like this while believing that no one would want to work if they were not permanently forced to do so (Gorz 1985 p.54 [footnote])".

The issue of work withdrawal has been debated *ad nauseam* and there is no compelling evidence to support the assertion that people provided with a Basic Income would desert work in droves. (See NZUBI Web Site, Van Parijs 1992, VCOSS and Good Shepherd 1995, Tomlinson 1991, Watts 1995). The interesting feature is the resilience of such beliefs.

### **An explanation**

The most compelling explanation of the resilience of these myths is that it is our failure to trust ourselves which in turn leaves us unable to trust others. Our reluctance to trust ourselves or to trust others to continue to contribute to the society derives from a central conservative ideological position which conceives of humans as inherently imperfect. The belief in the flawed nature of humans derives from either the concept of original sin or from the belief that though we might start off life without blemish, on our journey through life, we become corrupted - as we are sinned against we learn to sin. Robert Theobald (1998) suggests that "Today we are largely driven by a belief in original sin; we feel that most people, most of the time will behave destructively unless constrained by coercive power (p.1)".

The lack of optimism about fellow humans found in the ranks of those who oppose the introduction of a Basic Income, their conservatism, their need to blame and coerce the least

affluent / advantaged, their denigration of the very people from whom they extract surplus capital and those who constitute the reserve army of labour, is only matched by their fervent desire to exploit to the maximum the environment and their fellow humans for individual gain (Tomlinson & Lincoln 1995). The exploitative belief structure which seems to be driving both economic fundamentalist and the anti-universal agenda is a unique, sometimes contradictory, blend of classical conservative and market liberal thought.

The promotion of 'self provision' over collective provision suits those with the capacity to provide for themselves but is a statement of intending neglect of those unable to afford to provide for themselves. In the next chapter the history of attempts to introduce universal income maintenance in its various forms will be examined to see whether such a system really could provide a viable alternative to categorical payments.

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# **9 History of Income Guarantees**



## A history of income guarantees

In previous chapters the possibility of introducing universal income guarantees have been considered in relation to existing welfare provision. This chapter will describe the various forms of income guarantee then survey the history of the struggle to introduce such income guarantees in Britain, the United States and Australia. Some of the arguments in favour of each form of universal payment will then be considered.

### The structure of generalised income support

There are three main types of generalised payments, *Guaranteed Minimum Income*, *Negative Income Tax*, and *Basic Income*.

*Guaranteed Minimum Income (GMI)*: includes a number of sub categories

- *GMI* guaranteed minimum income, for instance the GMI proposed by the Henderson Poverty Inquiry (1975) would have set minimum *levels* of income for Australians.
- *GAI* guaranteed adequate income, as proposed by the Queensland Greens Party and suggested for Canada (Lerner, Clark & Needham (1999). Though at times GMI and GAI are used interchangeably, the main proponents of GAI argue that a GAI has to be paid at a sufficient level to allow people to live in dignity,
- a *residual minimum welfare payment* available to all permanent residents who do not qualify for any other income support benefit, as in France (Minimum Integration Income 1988). By the mid 1970s and until the late 1980s the Australian Special Benefit looked as if it had the capacity to become such a benefit. But excessive targeting has since demolished that capacity.

*Negative Income Tax (NIT)* - some times called *Tax Credits*

*Basic Income*:

- Partial Basic Income,
- Full Basic income.

A full UBI - set at or above the *social minimum* level of income - is a benefit that replaces all other forms of income support, whereas a partial UBI is a universal benefit that coexists with other benefits, acting as the foundation for a simplified income support superstructure (Rankin 1997 p. 56).

Both the GMI and NIT are designed to ensure that every citizen (and usually permanent resident) receives a minimum income. In Lady Rhys-Williams' (1965) words "to provide a 'floor' below which he (or she) cannot fall, but ought not to have a ceiling beyond which he (or she) can rise (p. 163)". The major difference between a NIT and a GMI is that the NIT is paid as a tax transfer in inverse proportion to a person's other income; whereas a GMI is a generalised form of income support paid as a welfare benefit in inverse proportion to one's other income.

A Basic Income is paid to each permanent residents at a flat rate irrespective of assets and means. It is a truly universal payment. It has no social obligations attaching to it. This is why it is sometime termed a 'citizens income' program.

All these generalised forms of income support differ, in theory, from categorical payments in one important regard. They make no presumption about social eligibility requirements. Yet when income guarantee policies are formulated residues from categorical policies are frequently present. When Henderson (1975) put forward his GMI he wanted a two tiered structure, using the family as the unit of income, which distinguished between those in receipt of benefits or pensions and those who did not then qualify. Australian Age Pensions are a means and asset tested payment made to all over a specified age (a gender differential is being phased out) who meet residential requirements and as such provide a form of guaranteed minimum income for older Australians. Whereas disability and unemployment income support forms have a huge discretionary component built into their structure. Robert Goodin (1988) has argued that "what distinguishes a welfare state from a poor law state" "is that agents of a welfare state must have no discretionary power over those resources that the state allocates for the relief of people in distress (p. 7)". NIT and GMI approach Goodin's idealised form of 'welfare state' but only an unconditional Basic Income using the individual as the unit of income has the capacity *to be* such a 'welfare state'.

### **A history of the Basic Income.**

A survey of the literature concerning guaranteed minimum income and negative tax schemes in America and Britain is provided because as will be seen, many of the ideas about income guarantees which have been suggested in Australia had origins in either Britain or America. The aim is to provide a description of the general thrust of income maintenance proposals and implemented programs in those countries which adopted something approaching a generalised income guarantee.

The Basic Income debate in continental Europe has taken a number of diverse paths (Van Parijs 1992[a]) which are described on the BIEN web site. Lerner, Clark & Needham (1999) provide a picture of the income guarantee debate in Canada. New Zealand's flirtation with Basic Income is described on the NZUBI web site. None of these countries will be described here.

After briefly outlining the early antecedents of Basic Income the focus will move to the 1960s and 1970s because this was the period, in Britain, the United States and Australia, during which the introduction of generalised income guarantees were seriously considered by governments. Since then, the emergence of economic fundamentalism as a hegemonic force has diminished the possibility of introducing generalised income guarantees in these three countries. Though the fight is not over yet, as will be seen in the next chapter.

### **British experience**

In Britain an important part of the welfare debate since the Second World War has centred around the question of income support. This post-war search for more equitable ways of providing for poor people's maintenance has many antecedents. One was the Speenhamland system of outdoor relief commenced in Berkshire in 1795 and widely copied in other parts of England (Polanyi 1945 ch 7). The system provided a fixed scale of relief in line with the size of the labourer's family and the price of wheat. Labourers whose wages were insufficient to support

them and their families were assisted up to a set level. Unfortunately the Speenhamland system provided some employers with the opportunity to reduce wages thereby letting the cost of maintaining their labour force fall on the parish as a whole; as well in many places the set level of assistance had a tendency to become 'the rate' of payment for farm labourers (Polanyi 1945 ch 7). The scheme was abolished by the 1834 Poor Law which replaced this form of assistance with indoor relief in the work houses.

In the period from 1834 until the Second World War it is difficult to establish a precise chronology of the development of ideas about guarantees of minimum income because of the different possible interpretations which might be applied to some of the earlier statements. For instance, in England at the turn of the century the Webbs had spoken of the need to provide a "national minimum of civilised life"(cited in Bruce 1968 p.26). In 1906 Winston Churchill had called for "a line below which we not allow persons to live and labour"(cited in Bruce 1968 ch 1 footnote 11). Several decades before that John Ruskin (1872) had argued that "the first duty of the state is to see that every child born therein shall be well housed, clothed, fed and educated till it attain the age of discretion" (letter xiii).

Whilst each of these statements contains a thrust in keeping with the idea of the introduction of a guaranteed minimum income, the other works of these writers lead to the conclusion that the guarantees of which they spoke would have been substantially circumscribed.

From 1918 until 1922 Dennis Milner, Mabel Milner & Bernard Pickard campaigned for the introduction of a Basic Income (Van Trier 1995 Part 1). Eighty years ago Dennis Milner was the first British person to articulate a fully elaborated (book length) Basic Income proposal. He wanted to ensure the inadequacies of the British poor law system were over come, to enhance national productivity, and to provide a more equitable base from which workers might negotiate wages (Milner 1920, Van Trier 1995 Part 1). The Basic Income European Network (BIEN web site, Van Parijs 1992[b]) also gives credit for the first elaborated proposal for a Basic Income to Dennis Milner (1920). Walter Van Trier's (1995) historical analysis describes the Milners and Pickard's writings and their subsequent 'disappearance (until recently) from the income support debate'. In the final chapter of this book there will be a further consideration of the Milners and Pickard. This chapter will concentrate upon those British writers whose works had some influence on the British Government during the 1970s.

In 1943 Lady Rhys-Williams suggested introducing an income guarantee for all families in order to do away with the complexities of the then existing system of financial assistance to 'the needy'. Rhys-Williams(1953) saw her system as resulting in the merger of the social insurance and taxation systems: the payment would have been in the form of a flat rate welfare payment available to nearly everybody. She would, however, have excluded from payment the able-bodied unemployed who refused to work (Rhys-Williams 1953 pp. 121-123). Lady Rhys-Williams held a number of senior positions in the British Liberal Party and was Vice President of the Economic Research Council. The Rhys-Williams proposals contained most of the major suggestions put forward in Henderson's plan for a guaranteed income in Australia. She had suggested a PAYE proportional tax plus surcharge to fund the proposal.

Early in the Second World War, a Cabinet Minister, William Beveridge, task of undertook the first comprehensive review of the British social insurance system. In his report he set out the means by which the government could ensure that the minimum needed assistance was provided to everyone (Timmins 1995). His plan was to remove the more oppressive aspect of poor law relief and to broaden the social insurance system.

The direction which Britain took was not that mapped out for it by Rhys-Williams but more that of Beveridge even though his Labour Party critics, such as Bevan, saw "security in full employment and good wage standards rather than in any 'social ambulance scheme'" (cited in Bruce 1968 p. 309). In post-war Britain the Labour Party set out, in line with the Beveridge Report, to create the 'welfare state' with its old age pensions, its unemployment and sickness insurance, national health, supplementary benefit payments, local council rent subsidies and other residual programs. It was to be another twenty years before Britain again seriously reviewed income guarantees for working people.

The issue of negative taxation and tax credits began to reappear on the political agenda in Britain in the late 1960s (Lees 1967, Atkinson 1969 ch 9 & 10). In 1968 the Labour Party's taxing of Family Allowances (claw-back) caused significant income losses for the moderately paid and this created the climate in which issues such as assistance to low and moderately paid workers became a point of dispute. In 1970 the Institute of Economic Affairs proposed what it termed 'reverse income tax' which had a number of negative tax features: it guaranteed all households a minimum income at the Supplementary Benefit level; but it provided no further payments above that level, the decision to apply "a 100% tax rate was dictated by a desire to alleviate the problem of the poverty trap" (Atkinson 1975 p.231). This scheme would avoid a poverty trap below the level of supplementary benefit but create one at the level of supplementary benefit.

The Conservative Party on coming to power in 1970 introduced the Family Income Supplement as a way to help low paid working class families, where the breadwinner worked at least 30 hours per week. From the inauguration of the program the issue of take-up plagued its designers. The Secretary of State for Social Services declared an intention to reach at least 85 per cent of eligible families despite estimates by others that only between half and two-thirds of eligible families would apply - the estimate of 50 per cent turned out to be the most accurate (Rein 1973 p.74-76). "American public policy seems almost obsessed with the problem of how to reduce the size of the welfare caseload, British policy, by contrast, is preoccupied with how to reach the universe of eligible recipients (Rein 1973 p.74)".

In October 1972, the British Conservative Government published a Green Paper on a proposed tax credit system, designed to replace Family Allowance and the Family Income Supplement, and to integrate the personal taxation and social security systems. This Green Paper suggested an income supplement for single workers (British Government 1972) for the first time since the Speenhamland scheme of 1795.

The Tax Credit proposed had three rates of credit: for individuals; for married couples or single parents with one or more children in care; and an amount for each child irrespective of age. The Tax Credit was not designed to guarantee every family would have sufficient to support its members. The Green Paper maintained "To do that would put the cost of a practicable scheme

far beyond what is supportable (British Government 1972 p.iii)". In line with the prevailing Conservative ideology, the Green Paper went on to argue that 'needs based' residual welfare was far more efficient in targeting special cases of need than were general programs. A Select Committee generally approved of the ideas outlined in the Green Paper and concluded that the Tax Credit would be an improvement on the Family Income Supplement because of a more generous withdrawal rate and claimed there would be considerable benefits to be gained from the streamlining of welfare and more particularly taxation (House of Commons 1973 pp. 6-7).

The American researcher Hecllo (1974) saw in the proposal a new direction when he commented that "The new Conservative government implemented its earlier vague appeals for greater selectivity in social benefits with an unexpectedly sweeping version of the negative income tax (p. 323)." Another of the early commentators on this proposal and the Select Committee's endorsement of it was Howard Glennerster (1973) who felt the Tax Credit Proposal was not a major departure from existing practice which had been evolving in this direction for at least two decades and that it "has more to do with the need for economic and administrative rationalisation than it has with re-distribution, and this is entirely consistent with the stance of a Conservative government (pp. 429 & 434)."

Atkinson (1975 pp. 230-240), Professor of Economics at Essex University, and a vigorous critic of many aspects of the tax credit scheme, was aware of the issues of low take-up and high marginal tax rates present in the existing and proposed income maintenance programs. The Tax Credit proposal lapsed with the defeat of the Conservative Government in the British election of 1974. Neither the Labour Government which replaced it nor the next Conservative Government of Margaret Thatcher, despite her avowal of Friedmanite economics, introduced a progressive generalised income guarantee. Blair's Third Way has become obsessed with 'dutiless rights' (Green 1996, Selbourne 1994) and recipient's obligation (Mead 1997) and for the moment the likelihood of a non-presumptuous income guarantee (Goodin 1992) being introduced seems to be receding.

### **The United States of America experience**

In 1949 Senator Taft of Ohio proposed that the Federal Government maintain a minimum subsistence guaranteeing "a minimum standard of decent living and all children a fair opportunity to get a start in life (cited in Moynihan 1973 p.62)." He was expressing in the Senate what others in the administration were thinking. Daniel Moynihan (1973 p.50) gives the credit for coming up with the idea of negative income tax to Milton Friedman and fellow economist George Stigler during the 1940s. The concept, Moynihan says, was a development on a 1943 idea of Friedman's to create a more equitable tax structure for those whose incomes fluctuated from year to year. Friedman suggested that the poor pay Treasury taxes in the years their incomes reached taxable levels and that the Treasury pay them in those years when their income was below tax limits (see also Stein 1971 ch. 3). Christopher Green (1967 ch. 4) accepts that Stigler and Friedman were early proponents of negative income tax and adds the names of William Vickery and Walter Heller as being involved in discussing the idea of a negative income tax - he credits Stigler with the first publication of the idea in 1946.

A related idea was put forward in 1947 by Paul and Percival Goodman in their book *Communitas*. They proposed a system of compulsory subsistence whereby people would be expected to work one year in every four or five in basic subsistence industries. In return they would be guaranteed subsistence. The subsistence industries would be controlled or owned by the government. A not dissimilar proposal was elaborated upon by Gorz in 1985.

Galbraith, writing in 1958, commented "An affluent society, that is both compassionate and rational, would, no doubt, secure to all who needed it the minimum income essential for decency and comfort (p. 255)." In 1956 Friedman had given lectures on negative income tax at Wabash College, but it was not until 1962 with the publication of *Capitalism and Freedom* that he put these ideas in print. The previous year Rolph and Break in their book *Public Finance* had tentatively suggested the introduction of a negative tax system. Although Lady Rhys-Williams' *Something to Look Forward to* was published in England nearly twenty years before *Capitalism and Freedom* and her *Taxation and Incentive* was published in New York close to a decade earlier, Friedman makes no reference to her work. Perhaps he was content to dismiss her writings as he had done with some early British social insurance initiatives, describing them as being similar to Bismarck's and illustrating "the affinity between aristocracy and socialism (Friedman & Friedman 1980 p. 99)". Or perhaps it was because he was at pains to distinguish between negative income tax and grants paid in the social welfare mould.

During the Nixon era Friedman's views were to dominate. Friedman saw in the application of the negative income tax an opportunity to pay the poor and *only* the poor, to dismantle much of the welfare infrastructure which sustained service delivery (and has well paid bureaucrats and social science professionals), to rationalise the tax and social security systems, and - he hoped - also to abolish farm subsidies and transfers to the middle class such as those provided through the education and housing systems (Friedman & Friedman 1980 ch.4, Friedman 1968, Cohen & Friedman 1972 pp.21-52, 99-114). Lampman (1965), another early advocate whose views were influential in the Johnson administration, argued that the negative tax is both a supplement and a complement to the existing welfare programs, although he believed it would and should reduce public assistance. Negative income tax represents for Friedman a "means to attack existing poverty with a minimum of income redistribution (Green 1967 p. 61)." Lampman and Friedman made much more of alleged work disincentive effects than did contemporary writers like Theobald.

In 1963 Robert Theobald in his book *Free Men and Free Markets* set out to break the nexus between jobs and income and to lay the foundation for an economic system which guaranteed every member of the society an adequate income, irrespective of his or her individual contribution. These ideas were followed up in a collection of articles which he edited five years later, under the title *Committed Spending: A Route to Economic Security*. Theobald envisaged the greatest challenge facing developed nations being the cybernetic revolution which he considered would eventually displace the majority of the workforce. He argued, therefore, that the United States should be gearing itself up for full unemployment rather than attempting to return to full employment (Theobald 1968, p.191). In *Free Men and Free Markets* he argued that the owner of capital and the person holding a conventional job should receive 10 per cent more money than if that person did not have investments or hold a job (p.196), but in *Committed*

*Spending* he resiled from that position proposing that "there should be no work incentive feature at all (p.191)".

Writing in the same book, Margaret Mead (1968), whilst holding that there should be some monetary reward for working, saw in the concept of a guaranteed income a tremendous force towards unifying an entire society if this was paid as a form of income support (pp.103&115). Mead concluded her article with the thought that any work disincentives created by an income guarantee would be more than compensated for by other social advantages (p. 116). Mead did not however assume that the introduction of an income guarantee would be easy. She devoted considerable space to a discussion of the manner in which American men's status has been tied to their capacity to provide adequately for themselves, their wife, and their children. She warned that "The dependency of the wife has been such a significant element in our idea of the family that it will be difficult to substitute a status for women based on (their) choice rather than economic advantage (to men) (p.111)."

There were a number of other important contributions made to the guaranteed income debate in this period. In 1965 Tobin put forward a concept of an income guarantee which had elements of negative taxation and social welfare and which embodied the idea of tax credits. He was to join with others and expand on these ideas two years later. This latter paper dealt extensively with the issue of fluctuating income and (like the prior paper) was concerned with meshing the tax rates in both their positive and negative forms. Some of the issues which he dealt with still need to be considered seriously in the United States but have less relevance in Australia and Britain with their widespread PAYE tax systems.

In late 1965 the Office of Economic Opportunity submitted to President Johnson its first comprehensive attempt to address the issue of poverty. This report argued for a negative income tax for all the poor (Williams 1975 p 427). The Johnson administration preoccupied by the Vietnam War and violence in the ghettos never took up the suggestion. Williams, who worked in the administration at the time, makes the point in reviewing this period that negative income tax fitted neither Lyndon Johnson's nor Richard Nixon's style. The different approaches were adopted by these two Presidents because income guarantees during the Nixon presidency had "a strong advocate like Moynihan, negative tax in the Johnson administration had a strong critic - Wilbur Cohen (Secretary of Health Education and Welfare) (Williams 1975 p.432)". In an earlier work Williams (1972) had argued that apart from Johnson's preoccupation with the Vietnam War it was the popular misapprehension that providing welfare assistance to able-bodied men would cause them to leave work, which prevented the introduction of income guarantees (p.1). He qualified these remarks later in the same article (pp. 6-7).

The issue of the 'dependency' of women most worried the Senate Committee on Finance who were vitally concerned to know "if the incentives built into the negative tax would stem the rising Aid for Dependent Children outlays by getting women to work more (Williams 1972 p. 41)". This continues to be a dominant theme in United State welfare debates (Mink 1998, Leonard 1997 pp. 19-20).

In 1968 the economists John Kenneth Galbraith, Paul Samuelson, Robert Lampman, Harold Watts and James Tobin, joined by some 1,200 colleagues, called on Congress "to adopt this year

a national system of income guarantees and supplements" (cited in Moynihan 1973 p. 126). President Nixon saw in the negative tax suggestion the possibility of reforming the welfare system in ways compatible with his general political orientation: workfare not welfare. Moynihan was to declare that the Nixon Family Assistance Plan "was different. It was singularly an American idea, and of recent origin. Its passage would set a standard of social policy against which the rest of the world might measure itself (Moynihan 1973 p. 5)". This was not a view shared by all who reviewed the plan. One critic argued that the proposal should not be confused with a negative income tax or other income guarantee. It is a reform of public assistance that has borrowed the work incentive mechanism of NIT and coupled it with the kinds of work compulsion that are part of the poor law tradition (Stein 1971 p.121).

The Family Assistance Plan proposed by the Nixon Administration in 1969 (and its modified form HR1) was the first attempt by an American Federal Government to provide a guaranteed income for all families with children who satisfied the work test requirements. It would have assisted families of the working poor and would have moved some considerable distance towards introducing uniform federal rates of public assistance. But it was hardly a uniquely American idea nor could it have been seen as a social advance in global terms. Moynihan's other claim for it that it was 'of recent origin' is not sustainable. As early as the latter part of the 1940s proposals had been put forward to make American public assistance comprehensive, non-categorical and with federal standard rates of payment (Green 1967 p171).

The Family Assistance Plan aimed to decrease incentives to form female headed families; however, the "FAP was hardly likely to reduce dependency... it would have raised sharply implicit tax rates on earnings for the already dependent, while simultaneously raising the benefit levels available to many of those families (Hausman 1974 p. 412)." The introduction of the Nixon Family Assistance Plan would have changed the demographic composition of those who obtained welfare transfers. Existing welfare programs assisted primarily female headed families, half of whom were Black, less than one third lived in the south, and only one fifth had any work experience: Family Assistance Plan beneficiaries, on the other hand, would be predominantly white living in the south and two-thirds of them would have some employment (Bowler 1974 p.36).

It is now history that the Family Assistance Plan in its modified HR1 form received approval in the House of Representatives, but failed to attract a majority in the Senate. Moynihan (1973) blamed the National Welfare Rights Organisation and the liberal congressmen associated with it for the defeat of the Nixon Family Assistance Plan. This view was not endorsed by other commentators (Bowler 1974, Williams 1975, Burke & Burke 1974) who pointed to issues such as inadequacies in the drafting, changes in some White House staff, the work incentive/dependency debate and the demise of the McGovern guaranteed income proposals, as all having an effect.

In the United States, two men - the administrator Wilbur Cohen, and the academic, Milton Friedman, had considerable influence on the outcome of attempts to introduce an income guarantee. In 1972 the American Enterprise Institute for Public Policy Research published a debate between Wilbur Cohen who by then was no longer Secretary of Health Education and



Welfare, but retained a clear trust in the usefulness of social security and public welfare; and Milton Friedman, whose interest in negative income tax remained undiminished. Cohen began by pointing out that the American social security system was a social insurance system providing differential rewards, emphasising reward for work and productivity: "It was not a plan worked out by the Socialist Party to redistribute income or by the Communist Party to equalise wealth. It was not a program worked out by the Republican Party to save the capitalist system. It was a plan to help the States meet the cost of providing welfare to the aged (Cohen & Friedman 1972 p. 7) ". Cohen argued that any income guarantee program is easily susceptible to political and emotional manipulation and could lead to political pressure to substantially increase its costs yet could in times of budgetary restraint also lead to significant reductions in the guarantee (Cohen & Friedman 1972 p. 12, Green 1967 pp.590 & 602).

In *Capitalism and Freedom* Friedman had expressed concern that a negative income tax would be susceptible to pressures for increases in the rate of income guarantees and/or break even points. Later he revised his position, arguing that negative income tax was less subject to such pressures than were other types of welfare payment because any rise in benefits under a negative income tax would provide, for the informed public, an obvious and easily calculable cost in the positive tax structure (Friedman 1968 p. 219); arguing that a negative tax bureaucracy would not be as inclined as other welfare administrations to have an interest in expansion.

In this 1972 debate, Friedman attacked the social security system because the instalments paid in bore little relationship to the larger amount taken out (in most cases), because of the inequalities between married and unmarried women, and because of the different treatment of those who chose to continue to work after turning 65 compared with those who retired (Cohen & Friedman 1972 pp. 24-25). He was critical of the fact that high income earners generally start paying taxes later and get benefits longer than do lower paid workers (Cohen & Friedman 1972 p.35). His main thrust centred around the point that social security beneficiaries in America are apportioned benefits in a way that bears little or no relationship to need (Cohen & Friedman 1972 pp.36-37). He attacked the public assistance programs for spawning a huge bureaucracy; and for not providing an incentive to work, because of the wide variations in payment between different parts of the country, and because of the multiple diminution of or loss of fringe benefits (the notch problem) as income rose (Cohen & Friedman 1972 pp. 41-45). Friedman's basic complaint was that money allegedly provided for the benefit of the poor is often used to subsidise the better off who, he felt, should be able to look after themselves: he wanted to see welfare programs which assisted the poor and only the poor. Cohen claimed that if welfare programs did not at the same time assist the better off then support for funding would decline (Cohen & Friedman 1972 p. 55).

Milton Friedman's writings on areas outside of negative income tax and some of his ideas concerning income maintenance, place him squarely in the company of the conservatives. His own utterances allow him to be seen as a modern day David Hume on issues such as general economic theory. Friedman has at various times associated himself with several conservative governments: Thatcher, Reagan, and Pinochet. His wages theories and their more general embodiment in his prices and balance of payment concepts place him on the far right of the political spectrum. Yet his thinking concerning negative income tax contains several important contradictions. Many of his criticisms of the existing welfare system are shared by

contemporaries like Michael Harrington (1977), Julian Le Grand (1982), Betty Mandell (1975), Pamela Roby (1974) and other socialists.

Friedman's wish to replace the existing welfare system with a negative income tax is predicated upon a desire to end the proliferation of well paid jobs in the welfare industry; to stop the middle class being a recipient, if not the major beneficiary, of welfare programs; to respect the dignity of poor people and promote their independence; to stop interfering in the domestic relationships of poor people; and to promote greater equity in the provision of benefits to the least affluent. In some of his later writings he has modified his determination to abolish all trace of existing welfare programs: for instance, Friedman (1968) wrote "While the negative income tax is unlikely to be adopted as a substitute for all welfare programs - as I should prefer it - it does seem to me highly likely to be accepted as a substitute for the direct public assistance programs (p. 205)."

Such a position is not incompatible with good economic sense nor humanism, and would not be unattractive to many on the left. A major contradiction exists in Friedman's thinking between his support for an unregulated wages policy with its promise of greater economic benefits for the whole society (which even the poor will enjoy through osmosis) and his condemnation of the target inefficiencies of the existing welfare system. He states "the negative income tax has the great virtue that it would concentrate public funds on supplementing the incomes of the poor - not distribute funds broadside in the hope that some will trickle down to the poor (Friedman 1968 p. 217, *contra* Wagaman 1968 pp.22-23, 28-31, 82-84)." Trickle down economic processes either work or they do not. It makes no sense at all to argue that they work outside of the welfare system but that they fail or are so inefficient that they are inappropriate inside the welfare industry.

But perhaps the clearest contradiction of all in his writings is that which exists between his denigration of minimum wage legislation and his call to make the welfare system serve the poor and only the poor. There is a synthesis of this conflict of ideas. It is supplied by Friedman's desire to cut the amount of funds available to the welfare industry, his objection to minimum wage standards through legislation, his willingness to rely on private charity, his intense concentration on the cost of welfare services and his uncritical support for free market forces which illustrates the essence of his conservatism: all these features highlight his wish to limit the amount of redistribution flowing to the poorest citizens.

These debates raged in the United States three decades ago, some of the language has changed but the past resonates in the ongoing discussions surrounding workfare, Medicare, the Wisconsin welfare cutbacks as deeply as it does in the single motherhood, race, and affirmative action debates. It is as if social policy in the United States is trapped in a time warp.

Governments in Britain have failed to introduce generalised income guarantees. There the debate is bogged down in 'dependency' rhetoric. Attention will now turn to Australia and the 1970s where there also a high point in the income guarantee debate emerged.

## **Australia**

So far this book has dealt with the existing system of income maintenance in Australia, some of its history, structure, methods of distribution and ideological perspectives which have informed welfare practice. The focus here is on the development of income guarantee schemes and demonstrates how these schemes incorporate and reflect elements from the different ideological positions which have already been discussed.

A number of limited income guarantee schemes are already in existence for particular categories of citizens (Perry 1995). Low income families, lone parents and their dependent children, people older than the pension age requirements, blind pensioners, working people with children, orphans, ex-service personnel over the age of 60 years, and people in some other categories, provided they apply, meet residential requirements, and who meet asset and means limits are guaranteed an income. People in receipt of superannuation also have an income guaranteed by corporations. Minimum wage legislation adds to the impression that most Australians are assured some form of regular income. However, there are still many Australians not working who are not guaranteed an income because of their age, length of residence or domestic circumstances. Race no is longer regarded as grounds to refuse applicants benefits.

Since the 1970s more generalised income guarantees have been proposed in Australia. The earliest detailed blueprint for a guaranteed minimum income program was put forward by Professor Henderson (1975 Vol. 1 ch. 6 , Vol. 2 Appendix 6) in the First Main Report of the Poverty Inquiry. Apart from providing all Australians with an income guarantee, the Henderson proposal aimed to link the taxation and social security systems, reduce the emphasis on categories of income maintenance, provide an easily understandable retention rate on earned income, treat those with fluctuating and those with regular incomes equitably and lighten the administrative burden on both the Taxation and Social Security Departments (Henderson 1975 Vol. 1 p.70). The amount of disposable income a family or individual received was to be determined by a simple formula:

"Disposable income = guaranteed minimum + private income x income retention rate (Henderson 1975 Vol. 1 p.70). "

Henderson proposed the population was to be divided between those who qualified for a pension, benefit or similar payment, whom Henderson called the 'categorical' population and a second group who were not able to establish an entitlement for existing benefits, whom he designated as 'non-categorical'. Elsewhere in his report Henderson argued for "extensions to the categories of people favoured as pensioners and beneficiaries, which should mean that no person at risk of poverty will henceforth be denied an income (Henderson 1975 Vol. 1 pp. 67, 30-32)".

He foreshadowed the possibility of paying lower rates of income guarantees to beneficiaries than to pensioners (Henderson 1975 Vol. 1 p.85) and for establishing an intermediate rate between the 'categorical' rate and the 'non-categorical' rate for those who are partially incapacitated (Henderson 1975 Vol. 1 p.80). He argued that it might be necessary to pay farmers and the self-employed a lower rate than the base 'non-categorical' rate (Henderson 1975 Vol. 1 p.80). In both Henderson options - except for individuals living alone - the guaranteed payment would be made to family units rather than paying a guarantee to each person as an individual although he allowed that "payments may even be considered to the older children in their own right (Henderson 1975 Vol. 1 p.74)".

Henderson recognised that it would be the responsibility of governments to determine variables such as the income retention rate, the level of the guarantee, the number of categories retained and therefore the total amount provided to citizens as an income guarantee (Henderson 1975 Vol. 1 p.75). He suggested two outlines which the government might adopt which he termed the 'minimum' and 'preferred' options. The minimum option included an income retention rate of 65 cents in the dollar (that is a withdrawal rate of 35 per cent), guarantee for 'categorical' income units at the poverty line (with a slight increase for pensioner couples to avoid making them worse off than under the existing system) and guarantees for 'non-categorical' units at half the poverty line. The preferred option had a 60 per cent income retention rate, a guarantee of 106 per cent of the poverty line for 'categorical' income units (plus some additional help for pensioner couples); the guarantee for 'non-categorical' income units would start at 62 per cent of the at-home poverty line and rise to 71 per cent of that line for a seven child family (Henderson 1975 Vol. 1 pp. 75-76). The major differences between the two options related to income retention rates and the generosity of base line payments. Either scheme, had it been implemented, would have ensured that all Australians had an entitlement to minimum levels of income.

The system of progressive taxation would have been abolished and replaced by a proportional tax on all private income. The administration of Social Security income maintenance and Taxation would have been combined within the one body. Henderson considered abolishing all the different categories within the system of income support but decided against it on the grounds that a simple guarantee of income at the poverty line for all would result in a 50 per cent taxation rate which he felt was not politically acceptable (Henderson 1975 Vol. 1 p.74). The Henderson proposals fit in with many aspects of the existing non-contributory social welfare system in Australia. It is necessary to look at these proposals to determine whether they were capable of doing what Henderson claimed for them and were in line with the aims which he set out to achieve through the schemes.

### **Henderson's income proposals: potential difficulties**

In political terms the essential strength of Henderson's income guarantee proposals is that they grew out of and retained the essence of the existing social welfare system. They were in every sense a reform of that system. His suggestions for a guaranteed minimum income would make the income maintenance system more humane, less categorical and more comprehensive. Apart from failing to tackle poverty in a systematic manner, the basic weakness in the proposals was that they did not come to terms with the need to dismantle the existing system and restructure it in a way which would have facilitated the complete integration of the income maintenance and taxation systems.

Henderson wanted to link Social Security and Taxation functions because doing so stresses the unity between incoming and outgoing government expenditure; it would have provided a guaranteed income and a logical basis for income retention rates. The logic of the retention rate was compromised by Henderson because he intended continuing to provide existing fringe benefits to some 'categorical' people (Liffman et al 1976).

Henderson's programs would reduce but not abolish advantages accruing to people with fluctuating incomes as compared with those in stable employment. The scheme would not 'markedly disadvantage' taxpayers compared with present tax arrangements except for married couples, both of whom work. Henderson made special allowance for them (Henderson 1975 Vol. 1 pp 78-79).

The replacing of the progressive tax structure with a proportional income tax would on the face of it appear to advantage the more affluent. He did, however, propose a 5 per cent tax surcharge for incomes over \$240 per week as at August 1973 (Henderson 1975 Vol. 1 p.78). Henderson's arguments in favour of a proportional income tax were based on assumed work disincentive effects and the ease of implementation of the tax system. All the same, his proposals do nothing to come to terms with tax avoidance and evasion techniques by which the affluent in this country currently escape paying anything approaching a fair percentage of their income tax.

Whether the introduction of Henderson's proposals would lighten the administrative load of Social Security and Taxation would depend on a range of considerations such as which supplementary payments, tax concessions, and other special categories would be added to the base scheme. Henderson himself suggested several and it is highly likely that powerful lobby groups would have wanted to have special clauses added so as to advantage their membership.

Dividing the population into 'categorical' and 'non-categorical' groups and providing the 'categorical' group with a guaranteed income equal to or better than the poverty line but only guaranteeing an income of somewhere between 50 and 71 per cent of the poverty line for the 'non-categorical' group would significantly affect the emphasis placed on special categories in determination of entitlements and obligations. Specifically, it would increase the desire of 'non-categorical' people to become classed as 'categorical'. Because it does not guarantee the 'non-categorical' group an income at or above the poverty line it cannot claim to provide income levels such that Australians do not find themselves in poverty.

Henderson's desire to extend the eligibility coverage of existing categories to groups of people not currently included stopped far short of including people whose spouse, or children whose parents inadequately support them. Henderson, whilst recognising that intra-family transfers are sometimes insufficient, offered no alternative. As a result, his proposals presumed that if there is an obligation to support other family members then this will be done, or if it is not done then the inadequately supported family members will move out and set up independent income units thus qualifying for support in their own right. Work dealing with intra-family income transfers would seem to give the lie to both assumptions (Edwards 1984, Asprey 1975, Sainsbury 1996)

The Henderson proposals would have increased the take-up rates compared with the existing Social Security system because of their greater coverage and more general eligibility categories but some people would still not apply (Saunders 1982). But retaining the distinction between those who would have qualified for pensions or benefits and others, plus adopting the family as the unit of income led the Australian historian, William Martin (1982), to point out that "a true GMI scheme does not examine the reasons for income loss, it has no necessary place for a normatively based view of family finance (p.194) ". He questions whether the Inquiry was clear

in its objectives: he feels that the Inquiry concentrated on poverty alleviation rather than addressing the more difficult question of equity in income maintenance policies.

### **Negative Income Tax**

The same year as the Henderson Inquiry, another investigation of income guarantees was conducted by the Priorities Review Staff. Their plan set out to introduce a negative income tax or tax credit scheme (p.29). The Priorities Review Staff proposed a two tiered system - like the Henderson scheme - which treated pensioners and beneficiaries more favourably than those currently ineligible for payments. They made the exception of those who, apart from the means test, would qualify (p.29). Included in the higher tier were the people who experienced severe disability, unemployment, sickness, and older Australians whose income from other sources was greater than existing means tests but less than the proposed cut off point for their income guarantee. Those currently ineligible for benefit or pension, on grounds other than income, would receive a tax credit at a rate of 55 per cent of the poverty line (working) as set by the Poverty Inquiry whereas eligible people would receive a tax credit of 100 per cent of the poverty line (non-working) (pp. 29-30).

The Priorities Review Staff suggested a proportional tax on all income of 43 per cent for prime earners whereas second earners would have a proportional tax of 33 per cent applied to them (p. 30). Increasing levels of surtax of 5 per cent for those over \$17,000 - \$20,000 rising to 25 per cent for those over \$58,000 (p. 34). The unit of payment adopted by the Priorities Review Staff was the family. The Priorities Review Staff considered extending their scheme to incorporate several other programs, apart from Social Security, such as educational, housing, and employment restructuring, within the tax credit scheme (p. 33).

### **Comparing Priorities Review Staff and Henderson proposals**

The main intention of both the Henderson and Priorities Review Staff proposals was to rationalise the existing categorical system of payments, to integrate the income tax and Social Security systems, and to cater for those poor people who had received little or no governmental assistance because their 'needs' did not match the existing eligibility categories. Whilst the Priorities Review Staff accepted that it might be necessary to maintain a number of supplementary welfare programs, to service those who are not adequately assisted by existing programs, their clear desire was to limit or abolish as many supplementary programs as possible. The Poverty Inquiry on the other hand wanted to put in place a guaranteed minimum income and increase services available to the poor.

Like the Poverty Inquiry, the Priorities Review Staff scheme would have provided a logical retention rate for earned income, and reduced but not abolished advantages accruing to people with fluctuating incomes compared with those in stable employment. The positive tax structure suggested was midway between the existing progressive tax arrangements and Henderson's proportional tax suggestion. Like the Henderson Report, the Priorities Review Staff scheme adopted the family as the unit of payment and divided the population into those currently eligible and those not receiving a Social Security or like benefit. The Priorities Review Staff were more

determined than Henderson to do away with many existing income maintenance and service programs.

A number of commentators reflecting upon both the Priorities Review Staff and the Henderson proposals have linked their discussions of these schemes to other proposals such as those raised by the National Superannuation Scheme (Hancock 1976), the National Compensation Scheme (Woodhouse 1974) and the Asprey Inquiry into Taxation (1975).

The diversity of approaches to income maintenance adopted by these various inquiries arose from the fact that they were set up to investigate different terms of reference. A common feature emerges in each of the proposals under discussion: they were all critical of the existing social welfare approach to income maintenance. Henderson and the Priorities Review Staff aimed to restructure the entire welfare relief system by introducing generalised income guarantees. Hancock and Woodhouse attempted to alter only a part of the income maintenance structure, raising questions about meshing, coverage and overall costs.

Both the Woodhouse and Hancock proposals, whilst they considerably extended benefits to people not at the time provided with income maintenance cover, still left gaps in services. They were forms of categorical payments; the Hancock scheme guaranteed an income for the elderly - but this was already done by the Age Pension; the Woodhouse scheme would have rationalised workers' and road accident compensation, sickness benefit and Disability Support Pension programs, but would still have left many of those who did not fit into the existing categorised welfare system without cover. The Woodhouse Report and the majority report of the Hancock committee both extended the inequalities of the employment situation into the post work phase of people's lives. But would have been an advance on the income support system operating a quarter of century later.

Henderson himself rejects the recommendations of both the Woodhouse and Hancock Inquiries on equity grounds, he quotes the words of the Minority Report of the Hancock Inquiry to establish his case: "Benefits payable under the scheme (Hancock) in 1977 would require an estimated 5.1 per cent of Gross Domestic Product. This may be contrasted with the 2.0 per cent required to finance the aged pension system in 1974-75 (Henderson 1977 p.108)".

Only the Henderson or Priorities Review Staff suggestions had the potential to ensure every Australian is guaranteed an income. Neither Henderson's nor the Priorities Review Staff schemes would have resulted in equal distribution or equitable distribution to all - because they were set at such low levels of income guarantee and they persevered with a modified form of categorical payments.

Both proposals go some way towards creating a fair income distribution in this country compared with the existing categorical system of welfare payments. Both the Henderson and Priorities Review Staff suggestions would simplify income maintenance delivery and increase the rate of take-up in Australia. They both envisage amalgamating the positive and negative taxation arrangements within one department. Both attempt to do something for the working poor as well as the workless. However, both proposals have continued to divide the working class into those who can establish eligibility for any of the pre-existing worthy categories and

those who cannot. Neither scheme addressed the problem of intra-family 'dependency' (or alleged 'dependency') in any useful way. So, had either program been implemented, it would not have affected existing patriarchal relationships. The maintenance of the family as the unit of welfare payment and in some forms of taxation continues to reinforce patriarchal arrangements. The adoption of the individual as the unit of payment was rejected by Henderson and the Priorities Review Staff on the grounds of cost. They suggested paying a living alone allowance. Such an allowance would, however, experience most of the difficulties which determinations of who is or is not involved in a 'bona fide domestic relationship' encounter (Edwards 1984).

### **Work, the family and dependency**

It is possible to identify a number of differing ideological positions adopted by supporters and opponents of income guarantees in the struggle to promote or defeat the negative tax in America, the tax credit in Britain, and the guaranteed minimum income in Australia. One of the difficulties in attempting to ascertain prime ideological features motivating particular writers and policy makers involved in the debate on income guarantees in Britain, America and Australia is that opinions are often expressed as a part of a technical point, that is the comment is presented as if it stood alone. For example, the choice of the family as the unit of payment in the Australian guaranteed minimum income proposal put forward by the Poverty Inquiry, and in the Nixon Family Assistance Plan, and again in the British Tax Credit scheme, can be seen as a technical solution or it can be seen as part of a prevailing assumption about acceptable social behaviour.

Another problem encountered in isolating important ideological features, is that ideological elements themselves are often intimately connected with other ideologies. Ideologies which structure the welfare system exist as a package and should be conceived of as a composite, as a conglomeration of ideologies. The ideology of work is firmly connected to views about motherhood and family and each of these is related to ideas about self-help, individualism, and 'dependency'.

The way the debate concerning income guarantees was structured in the United States and to a substantial degree in Britain, made the issue of work incentives of prime concern. The ideology of work is such a powerful one in the United States, Britain and Australia, that changes to the welfare system are assured of a stormy passage, if not defeat if opponents of those changes can present them as a threat to productivity.

Mead (1968), who is only marginally attached to promotion of the work ethic, argued for the introduction of a guaranteed income on the twin grounds of humanity and equity, and rationalised her support for income guarantees on the basis that it would ensure consensus and participation underlining the need of the state to recreate the spirit of community or in Tonnies' words 'Gemeinschaft'. Early in her article she says "The idea that anyone should not receive basic subsistence, food, water, and shelter - so long as there is anything left to divide - is modern savagery. (p.115)".

Theobald (1963, 1968) did not present his call for income guarantees as a direct attack on the work ethic, but rather as a necessary response to the reality that, sooner or later, as computer technology displaces more and more workers, including professionals, there will be little opportunity for many people to work in conventional jobs. Hence the need to allow people to



develop the skills necessary to adjust to a world where there are decreasing employment opportunities. He saw in existing managerial arrangements and workers' responses to them a narrowing of the possibilities of human creativity. The negative tax arguments put by Friedman, Lampman, Stigler and others (including Tobin) aimed to confront the issue of inadequate income in a way which would not interfere with productivity. Their suggestions to change the income maintenance provisions were expressed in ways which were far more compatible with prevailing ideologies than were Theobald's ideas.

The English experience is slightly different. The promoters of the 'reverse income tax' at the Institute of Economic Affairs, because of their decision to use a 100 per cent rate of tax, could be seen to have ignored the entire work incentive debate. They simply attempted to develop equity between the working poor and the workless. Implicit in the design of their suggestion is the belief that any work disincentive which did occur would not substantially affect the economy. The British Conservative Government 1970-74 in both its promotion of Family Income Supplement and Tax Credit was concerned not to interfere with productivity; to promote equity between workers and the workless; to rationalise the tax and welfare systems, and to assist the needy (albeit only the worthy, especially the working, poor).

In the United States, it seemed to matter little whether the Congress was looking at the issue of 'dependency' or that of work disincentives, the first concern was the possibility of less productivity. 'Dependency' in this context is simply the consumer side of productivity, in that the more people 'dependent' the greater the need for increased productivity in order to maintain existing standards.

It is clear from the structure of the welfare debate surrounding the introduction of income guarantees in the United States, that the issue of 'dependency' was interpreted in an extraordinarily narrow manner, informed by male orientated views concerning the family, work, morality, and self-help. Racial stereotypes are not far below the surface in much of the writing concerning negative income taxes. The issue of race gets mixed with 'dependency' in Moynihan's writings, and those of others, as they try to come to terms with the obvious poverty of Black Americans without accepting the racist nature of the capitalist mode of production exemplified in the United States experience (Glazer & Moynihan 1963, see also Leonard 1997 pp.20-22).

The thrust of the ideological bases from which many of the most important writers operated as they strove to gain acceptance for their particular form of income guarantee have been described. There was a concentration upon Milton Friedman because he, more than any other writer of the period, clearly set out the ideological network which informed his suggestions. The Australian Priorities Review Staff's proposal was heavily influenced by Milton Friedman's negative tax ideas. Henderson's concept was heavily influenced by Lady Rhys-Williams' approach.

### **Concluding remarks**

The very limited nature of the generalised income guarantee schemes which have been contemplated by governments in these three countries provides an insight into the difficulties which continue to face advocates of universal Basic Incomes. The essential conservatism inherent in the negative tax suggestions which have been promoted in Britain and America was

compared with more progressive guaranteed minimum income ideas of writers like Theobald. The ideology of work, particularly the concerns about work disincentive, was examined and found to have had an impact on the decision not to proceed with negative tax ideas. The composite nature of ideological packages was alluded to and the connections between the work ethic, family structure, dependency and racism were mentioned in relation to issues such as equity, individualism and human creativity.

General income guarantees are favoured by those on the left of the political spectrum because they are seen to deliver equal benefits to all in equivalent financial need. They can be seen as a step on the way to socialism and full blown equality. They are valued also because they do away with discretion, categorised benefits, residualism, stigma and the ideology of less eligibility.

Those liberals who are in favour of income guarantees tend to argue that the benefits, at least in the negative tax form, stem from the fact that they deliver payments to those who need them in an efficient manner, that they limit the provision of assistance to low income earners and the workless and do away with the need for the plethora of supplementary welfare programs which have arisen within the welfare system since the Second World War. Those who are committed to monetarism see in negative tax the deregulation of the relations of distribution and argue that such processes are compatible with their general desire for a deregulated economy.

Implicit in this analysis is the suggestion that a major overhaul is long overdue. A tinkering with the edges of the social welfare and taxation systems will not address the issues of poverty alleviation and income security. A restructuring of both the positive and negative tax structures allows the possibility of a positive tax system which ensures that the more affluent pay a fair percentage of their income in tax and equally importantly abolishes the gross inequities within the welfare system. A reconstituted income maintenance system would not necessarily be dependent upon enforcing patriarchal 'dependency' or existing race and class relationships. It could become a system which attempts to supply benefits equally to rural and urban people irrespective of age or gender. It could be a system which ensures that each has a minimum income irrespective of ability or inability to labour. But to do this necessitates the introduction of an income guarantee which completely integrates the tax and welfare systems. The one form of generalised income guarantee which could efficiently accomplish these goals is the Basic Income which shall be discussed in the next chapter.

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# **10 Basic Income**

## Let's get Basic

Income *insecurity* is a constant preoccupation of citizens surviving on low incomes. Categorical, selective, targeted welfare payments which exist in Britain, Canada, Australia, New Zealand and the United States have not succeeded in abolishing Beveridge's five giants of 'squalor, want, ignorance, disease and idleness' (Timmins,1995). The modern welfare state, in the countries mentioned, does not guarantee all permanent residents a secure income. Each of these countries has toyed with the idea of introducing generalised income guarantees for all permanent residents. Such partial income guarantees which have been installed have had eligibility requirements attached to them which demand either proven incapacity to labour, work willingness or some socially approved basis for not working (such as sole parenting or age).

With the exception of some reasonably generalised family tax credits or family welfare benefits there has been a move away from broad income support policies towards more targeted forms of categorical income arrangements. As the promise of generalised income support receded, governments in these English speaking western countries have introduced compelled activity as part of the eligibility requirements for entitlement to income support. In New Zealand, following the 1999 election victory, the Labour / Alliance Government began slowly dismantling much of the compelled activity superstructure of their conservative predecessor's income support system. This is the first step away from the 'Third Way' activity requirements, workfare, Wisconsin 'reforms', 'work for the dole', and 'mutual obligation' preoccupations of a series of governments in these countries. The governments which most ardently push a 'mutual obligation' agenda are the very ones who are preoccupied with 'welfare dependency'. Ray Cassin, chief leader writer of *The Sunday Age*, reflecting on this phenomena points out that:

You can be 'on' social security in the literal sense of receiving benefits, but this usage does not carry the pejorative flavour of being 'on' welfare. The reason is not mysterious: we do not talk about social security dependency, or social-services dependency because 'social security' and 'social services' are bound up with an older notion of entitlement, and an understanding of mutual obligation that goes beyond tit-for-tat reciprocity....

The ideal of mutual obligation underpinning a system of social security is not one of reciprocity, but of obligation borne by all of us to contribute to the support of people who would otherwise be destitute (2000 p. 22,see also Cass 1995 p. 38).

The constant claim of government spokespeople in Australia when defending the existing categorical benefit system is that (through an austere safety net) it assists all in need. However the breaching of 200,000 social security recipients in the 1999/2000 financial year plus the extension of 'work for the dole' and other compelled activities demonstrates the tenuous security experienced by those receiving social security.

Once writers might have argued for an income support proposal on the grounds that its introduction would enhance equity, equality, justice, or because it removed an anomaly, lessened stigma, made claiming easier for recipients, provided similar benefits to all in like situations or increased recipients' feelings of security. A universal unconditional Basic Income does all these things. However the consolidation of economic fundamentalism in the last decade now means that economic efficiency arguments are often the only propositions listened to by government ministers. There is nothing wrong with having to establish the utility of any proposal but what

has changed is that arguments which go to the *usefulness to clients* of any income support program are relegated to the periphery of government concern. Narrow economic efficiency arguments now take centre stage. Consequently this chapter will set out universal Basic Income's claim to being the most efficient way to provide a guaranteed minimum income to all permanent residents in a way which enhances both national productivity and personal creativity.

From 1918 until 1922 Dennis Milner, Mabel Milner & Bernard Pickard campaigned for the introduction of a Basic Income (Van Trier 1995 Part 1). As Walter Van Trier (1995) and Philippe Van Parijs (1992[b] p. 25) reminds us, ever since the first book length plea for Basic Income written by Milner (1920) economic efficiency arguments have played a major role. Milner wanted to ensure the inadequacies of the British poor law system were overcome, to enhance national productivity, and to provide a more equitable base from which workers might negotiate wages (Van Trier 1995 Part 1). Many of the issues dealt with here are synonymous with those which preoccupied the Milners and Pickard. Milner did not see the introduction of a Basic Income as the be all and end all just one step on the way to a more secure life for all citizens. Milner entitled his book *Higher Production by a Bonus on National Output: A proposal for a minimum income for all varying with national productivity*. Milner (1920 ch.2) argued that the amount of funds available for distribution should be 20% of national production as this would provide a share of the nation's wealth for all permanent residents whilst encouraging all to produce more to raise the value of the dividend.

### **Why have income support?**

The standard justification for the provision of welfare services has been that people needed them and were unable to obtain them by other means. Following the Poverty Inquiry's recommending the introduction of a Guaranteed Minimum Income in 1975, Bill Hayden, Minister for Social Security in the Whitlam Government, and a supporter of the introduction of a Henderson style GMI (Tomlinson 1989 ch. 6) felt the Australian income support system 'had grown like topsy' and needed to be integrated into a coherent whole. He acknowledged the basis on which benefits were supplied was at times difficult to justify and confusing to recipients. Hayden was grappling with many of the same issues which, 25 years later the Final Report of the Reference Group on Welfare Reform (2000 [b]) acknowledged when they wrote: the current income support system "is overly complex and relies heavily on assumptions about capacity and behaviour that are now questionable" and that pension / benefit / allowance transitions cause life difficulties and unintended incentives and disincentives (pp. 19 & 68).

In Chapter 2 the argument was mounted that 'needs based' explanations do not adequately explain why welfare programs are provided. It was argued that such explanations serve to mystify the intent of providers and disguise the real level of need both amongst recipients and those who are refused.

'Needs based' provision can be supplied on an individual basis, as occurs in emergency relief agencies. More commonly 'needs based' income support in advanced economies is provided to categories of people, such as those who have a disability or who are unemployed. Chapters 3, 4 and 7 demonstrated similarities in the income support needs of people divided by categorical assistance programs and others who are denied benefits. It was also argued that governments and



agencies use such 'needs based' categorical benefits as a way of limiting the levels of assistance and the amount allocated to relieve hardship. It was further argued that the creation of specific forms of categorical assistance divide recipients from each other, from the wider working class and from their humanity.

Discrimination on the basis of age, locality, race, gender, disability and class structure Australian society. These hegemonic forces impact on all aspects of social life and are clearly observable in income support policy. Young unemployed people are paid at lower rates than older job seekers. In Chapter 5 the failure of the State to provide the bush with anything like the same level or range of services as their city cousins was examined. The methods by which Indigenous Australians have been excluded from the 'white' social security system and from economic development were detailed in Chapter 6. Throughout this book there has been considerable discussion of the patriarchal presumption which suggests that the family is the appropriate unit of income for the payment of welfare benefits. Chapter 7 specifically investigated the ableist construction that it is an individual's impairment rather than the disabling society which should be the point of focus. At one level, this book is a polemic against the elitist presumptions that working class people have a propensity to sink into the slough of 'dependency' unless compelled to meet government imposed 'mutual obligations'.

In Chapter 8 the relationship between welfare provision, categorical payment forms and trust were examined. The argument was put that it is our failure to trust ourselves to do the right thing which leads us not to trust others and which prevents governments introducing a universal Basic Income. Governments in English speaking western countries hedge their bets on income support policies through the imposition of selectivity, categorical eligibility requirements and 'mutual obligations'. When governments consider:

- threats to productivity,
- work disincentives,
- work readiness of minority racial groups,
- single motherhood,
- working class compliance, or
- the capacity of people with disabilities to work

they rely on the conservative belief in the imperfection of human beings rather than the belief that people treated with dignity will respond constructively. In Australia the Government has excluded recently arrived migrants from applying for the normally available categorical income support payments for two years following their arrival. Examples have been provided of many quite poor citizens who have no income support entitlement from the State because of the increasingly targeted income support policies of the last decade. This has led some to assume it would be impossible to convince Australian governments in the foreseeable future to introduce a Basic Income.

The contradictory belief structure which leads governments to assume that the rich need to be encouraged to produce but the poor have to be compelled to labour lies at the heart of the construction of the income support systems of the countries discussed. The fact that such arguments (about lesser eligibility, the poor's fecklessness, the associated need for coercion and the importance of increasing the huge differentials in income between the owning and labouring classes) are a nonsense, does not make them any less valued by social conservatives. John

Kenneth Galbraith ridiculed such arguments by pointing out that "It always boils down to the highly improbable case that the rich are not working because they have too little income and the poor because they have too much." [cited in Boreham, Dow & Leet (1999) p.104]

It was earlier suggested that research could go some way towards reassuring governments about the work intentions of the less affluent. Yet it was recognised that because economic fundamentalism holds hegemonic sway, such research would be viewed through this ideological lens. Beyond links to the poor law assumptions about the need for 'less eligibility' there are clear connections with public choice theory in the way the governments construct income support policies, insisting that behaviour "is best understood by assuming its motivation is single-purposed, acquisitive and unchanging (Stretton & Orchard 1994 p. 18)". Coupled with this is the related neoclassical liberal belief that welfare problems "are rational responses to the incentive structures that face individuals. Social harmony will emerge spontaneously only if the appropriate market signals are operative (Barry 1998 p. 58)."

### **A quick look at two alternatives to Basic Income**

Little space has been devoted, in this book, to consideration of privatised superannuation, as has been implemented in Australia or social insurance coverage as exists in many parts of Europe and North America. Superannuation in Australia is an occupational benefit and, by definition, excludes those not in the paid workforce, or those whose spouses are not in the paid work force. It excludes the bulk of the Indigenous population because they are employed under the Community Development Employment Program. It disadvantages those with multiple employers, casual and seasonal workers, women and those on low incomes. Professor Russell Mathews, a leading Australian economist, referring to the Australian system, wrote:

it is difficult to conceive of superannuation arrangements that would be more administratively wasteful, less certain to provide adequate retirement benefits and therefore less likely to reduce the burden of age pensions on government budgets, and more inequitable for both employers and employees (cited by Stretton 1996 p.26).

Social insurance proposals have been considered in Australia but rejected. They have been implemented in many countries but they do not have the capacity to provide a secure income to all citizens because "the benefit rates are generally based on prior wage levels rather than need. They are not designed to provide adequately for those with special needs...The highest rates go to the most privileged...rather than those in most need of assistance (Perry 1995 p. 18)". In terms of both equity and efficiency both these forms of self provision fail to provide an adequate income support base for all permanent residents of a country.

### **Efficiency**

Given prevailing perceptions of human behaviour, it will not be an easy task to convince governments of English speaking countries to implement a universal income guarantee for all permanent residents. If governments are to be convinced to move in the direction of Basic Income then making available research on productivity, work willingness and 'dependency' which confounds their preconceptions will be an important part of the struggle.

Governments in the countries under discussion consistently suggest they are providing social security in an efficient and accountable manner. They are certainly capable of determining the cost of delivering specific categorical benefits to those recipients who are paid. They can and do calculate how much they 'save' by cutting people off income support when they do not meet the totality of eligibility requirements for any specific benefit. This is *accounting* or *target efficiency*. They seem disinterested in how people who are refused benefits get by, or what social costs are incurred in the wake of decisions to remove income support from such citizens. Target efficiency processes give no measure of how *efficient* the *system* of social security is. Because the central issues which should be taken into account when assessing the efficiency of a social security *system* are not considered.

Some of the system wide efficiency measures, which would need to be taken into account if *the efficiency of the system* was being calculated, would be:

- are any of the people excluded from the social security system poor,
- how many people who have an entitlement miss out,
- how satisfied are the people who are confined to low levels of income support,
- does the social security system advance social justice for all permanent residents,
- are the human rights of all residents protected (or even enhanced),
- does the system remove all obstacles to inclusion of people with a disability,
- are all genders, ages and ethnic groups treated equally or equitably,
- is there equitable treatment provided to city and country people, and
- does the system of income support provide sufficient security to recipients so as to allow them to contribute to society in ways with which they are comfortable?

Governments sometimes move away from narrow accounting efficiency measures and attempt to look broadly at efficiency in terms of what is happening across an entire economy. In 1993, in the Labor Government's Green Paper, the Committee on Employment Opportunities declared:

The loss of production through unemployment is the greatest single source of inefficiency in our economy. Unemployment is also the most important cause of inequality and alienation for individuals, families and communities (p.1).

A recent cross country study (Goodin, Headey, Muffels & Dirven 1999) compared citizens' response to different income support policies. The three countries considered in detail in this study were chosen because a decade of comparable panel data existed allowing the authors to explore the issues of: economic growth, efficiency, poverty, inequality, social integration, stability and autonomy. The countries chosen for analysis were: the United States where the welfare state represents the liberal form, Germany with its corporatist welfare regime and Holland which has a social democratic style of welfare. Goodin, Headey, Muffels & Dirven (1999) explain:

The classically *liberal welfare regime* is rooted in capitalist economic premises and confines the state to a merely residual social welfare role. The classically *social democratic welfare regime* is rooted in socialist economic premises and assigns the welfare state a powerfully redistributive role. The classically *corporatist welfare regime* is rooted in communitarian 'social market' economics and sees the welfare regime as primarily a facilitator of group-based mutual aid and risk pooling (Italics in original p. 39).

Goodin, Headey, Muffels & Dirven (1999 Part 3) make the point that in social policy debates it is frequently asserted that inevitable trade offs occur between economic growth, efficiency, poverty, inequality, social integration, stability and autonomy. But what they found was the Dutch social democratic welfare regime equalled or exceeded the performance of the corporatist Germans and the liberal US system across *all* these social and economic objectives.

Such findings have considerable relevance to the direction an informed nation would choose if it wanted to change its system of income support services from one grounded on ideological assumptions to one based on substantiated research. The Australian welfare state might once have had considerable social democratic aspects but has, in recent times, moved closer to the US liberal regime of minimalist provision.

The careful cross country analysis of panel data presented by Goodin, Headey, Muffels & Dirven (1999) allowed these researchers to follow real people's experiences of work and welfare. In the past cross country analysts have been forced to compare aggregated statistical samples. Importantly, as Goodin, Headey, Muffels & Dirven looked at individuals they found an exceedingly small percentage of people who remained on welfare indefinitely under any of the systems investigated. Such findings fly in the face of the current Australian Government and Opposition's preoccupation with 'welfare dependency' and its only known antidote - 'mutual obligation'.

The really important message from this book is that whether one is seeking to promote economic growth and efficiency, stability, autonomy or to decrease poverty and inequality then the social democratic welfare state along the lines of the Netherlands exceeds the performance of the German corporatist regime which, in turn, exceeded that of the United States liberal regime (Goodin, Headey, Muffels & Dirven 1999 Part 3).

### **Australia has lost its way on welfare reform**

The architects of 'mutual obligation' see it as having the capacity to move the social security system away from a rights focus and towards an individualised eligibility determining regime. The Reference Group on Welfare Reform (2000 [a], [b]) so internalised this proposition that they have proposed that even people who meet every requirement for payment of a specific categorical benefit should have the amount they are actually paid affected by how they 'participate' in the social and economic life of the community. The Minister in charge of income support is on record as saying "Simply providing payments to everyone who fits into a particular category fails to recognise the different capacities and potential people have to contribute to their own future (Newman 1999 p. 9)." This is the height of inefficient supply of benefits.

The final report of the Reference Group on Welfare Reform (2000 [b] p.3) claimed that if nothing was done "Australia may be consigning large numbers of people to an intergenerational cycle of significant joblessness" and went on to prescribe extending compulsory participation from the unemployed to sole parents and Disability Support Pensioners. The Treasurer allocated

funds in the 2001/2002 Federal Budget to extend the imposition of 'mutual obligation' to these categories of beneficiaries.

In late August the Final Report of the Reference Group on Welfare Reform (2000 [b]) was welcomed by the Government, Labor and the Democrats. Michael Raper, President of ACOSS, saw it being a bridge over troubled waters - even if it had a few planks missing. The mainstream press response was generally positive (*contra* Cassin 2000), praising the way in which the Reference Group had attempted to reinterpret Prime Minister Howard's hardline 'mutual obligation'. The press took heart in the Report's suggestion that sanctions should be a last resort and that the emphasis should be on a 'partnership between income support recipients and the government designed to encourage participation in the economy and society'.

It is true that in the section of the Report dealing with 'mutual obligation' there was a recognition that "Some responses (to their interim report 2000[a]) argued that placing conditions on income support diminishes citizenship rights to an adequate minimum income (2000[b] p. 33)." However this did not stop the authors of the *Report* claiming:

Nevertheless, *compulsion will be required for a minority of income support recipients and to ensure that governments, businesses and communities meet minimum standards in ensuring access to economic participation opportunities* (p. 32, see also p. 40).

In the financial year 1999/2000 at least 200,000 income support recipients were breached by Centrelink -for them compulsion is an ever present threat. Government however has no legislative provisions in place which can compel "businesses and communities meet minimum standards in ensuring access to economic participation opportunities". It would seem reasonable to ask what organisation is going to be in a position to compel governments to ensure "access to economic participation opportunities". The Australian Government's response to the reports of the United Nations Human Rights and Elimination of Racism Committees concerning the present Government's breaches of international agreements, which Australia has signed and ratified, was to tell the UN to stay out of 'Australia's business' (Garran 2000, p.1, Bessant 2000 [b]). Given such a Government response it is impossible to identify the vehicle which the Reference Group thinks will *compel* the Australian Government to ensure economic participation.

This is in fact the crux of the 'mutual obligation' debate: legal powers exist to compel income support recipients to reciprocate. But those who receive income support have no way of compelling the Government to meet its 'reciprocal obligations' which the *Report* identifies as being necessary if there is to be increased participation in the economic and social life of the nation. Under the title of *Participation Support for a More Equitable Society* the Reference Group advocates removal of the current legislated right of people with parenting responsibilities to not work until their youngest child turns 16 years. This right has been reduced to when the youngest child turns 6 years after which they will be required to attend yearly interviews (p. 43). Then when the child turns 13 parents will have to demonstrate how they intend to access economic participation *opportunities* (p. 43). A variant of 'work for the dole' or other compelled activity will be extended to some Disability Support Pensioners (pp. 12 -18).

The trade off that income support recipients are offered is a single rate payment for all 'working age' recipients plus a number of add on payments to: 'increase participation' and cope with special 'needs', family circumstances or disabilities (p. 24). The introduction of the Common

Youth Allowance saw 46,000 16-18 year olds have their payments diminished or cut completely. Such reductions in benefit has occurred under both Labor and Liberal administrations since 1986 whenever common payment regimes have been installed. There is no reason to believe something different will happen this time. The Government has loudly proclaimed it will retain the value of benefits but, since 1986, such promises have always been given before cuts occurred. Even if the rates are not cut recipients are having the conditions under which they receive payment eroded by the imposition of compelled activity. The report acknowledges that the different benefit structures and advantages, which currently exist, cause confusion and unintended disincentives yet goes on to promote its uniform 'work age' payment plus 'individualised add ons' which must lead to even greater confusion (pp.22-31).

Perhaps more importantly it fails to advocate a general income guarantee for all 'working age' people (p. 22). Its recommendations, in relation to income support, only relate to those who now receive government income support. It stops short of advocating working families tax credits as exist in the United States and Britain and advocated by the Labor Party in Australia (p. 28). The Final Report of the Reference Group on Welfare Reform (2000 [b]) does not develop the idea of a general income guarantee to all working Australians as was recommended in Perry (1995) and Baldwin (1995). In fact, in this regard, it is a retreat from the Henderson Poverty Inquiries (1975, Vol. 1 ch. 6) recommendations.

The Report fails to successfully address a number of crucial dilemmas which arise out of its main recommendations. If there are advantages in having a uniform base rate of payment for all 'working age' income support recipients, why (apart from the imposition of conservative charity values) would there be any advantage in confusing such a structure with several add on payments calculated at an individual level? Many of these add on payments require determiners to apply considerable discretion. For example, assessors will determine what is appropriate participation 'in the economic and social life of the nation' for each applicant.

If there is a logic in having the same base rate for all 'working age' recipients why should it not be extended to older and younger people? After all, many people older than 65 years work as do many under the 'working age'. There are two reasons for this: firstly the age lobby is united and powerful compared with 'working age' groups who have been divided amongst themselves; and secondly to include the young in such an income guarantee scheme would reverse decades of governments' attempts to marginalise this age group. On top of this it would mean having to admit the present income support discrimination against the young is unjustified.

The Reference Group Report may have portrayed a kinder face of 'mutual obligation' than the Government has hitherto been able to present; but it has not been able to escape the inherent miserly conservative agenda which has been part and parcel of the administration of welfare services in Australia since the invasion. The parish has been replaced by the Commonwealth but the values of the poor laws remain.

There is nothing wrong with encouraging people to play a part in society and the economy. Compulsion can be replaced with trust, enablement, mutuality and assistance. People will take opportunities to engage. Only those addicted to a poor law view of the world want to *force* the poor to sing for their supper. There is nothing wrong with having one rate of social security

income support for all permanent residents in this country -but *it does not need to come with strings attached*. There is no need to link work readiness and income support. In 1975 Professor Henderson recommended a Guaranteed Minimum Income. This book advocates the introduction of a universal Basic Income paid to each individual and at a rate at least that of the single age pension. Once such a program was in place governments would no longer be able to threaten the livelihoods of those most marginal to the productive process. For this to happen will require governments to choose, in Goodin words (1988 p. 7), between 'a poor law state and a welfare state'.

### **A long time coming**

It is as if governments believe there is no way to ensure a productive society other than to compel those who have the least opportunities. Governments in English speaking western countries seem obsessed by the *cost* of income support. The more important question is whether income support is affordable. Generous income guarantees become affordable when the amount of government revenue is raised. Presently governments have a preference for providing minimal welfare rather than increasing taxation. Just take one example: wealth taxes are an anathema to the rich in Australia, as a result there are no wealth taxes (in the form seen in many OECD countries). But Australia does have wealth taxes. They are called asset tests and are imposed on many forms of social security payments. Australian wealth taxes are applied at the very time when people are experiencing financial crises and result in only small savings to government outlays. It would be possible to tax all wealth and vastly increase government revenue and hence be in a position to expand the quality and coverage of income support. Instead governments have been content to let the welfare system evolve from **the** Poor Laws to poor laws (Stretton 1996).

In feudal England a number of support systems existed for members of the community who fell on hard times - their extended family in the first instance, others in the village with a surplus, the lord of the manor or the church. Strangers might not be helped and could be banished from the village and left to die at the crossroads. Each area had its own helping characteristics. However, before one was assisted others in the village had to have sufficient resources to help, there was an expectation of 'mutual obligation' and one had to be in good standing with other community members. In times of widespread crop failures these local helping systems broke down.

Not much changed in relation to the way poor people were helped until towards the end of the 18<sup>th</sup> Century. At Speenhamland, Berkshire, in 1795 a number of landlords were unable to pay sufficient wages to ensure their farm labourers had an adequate income to sustain themselves and their families. The system provided a fixed scale of relief in line with the size of the labourer's family and the price of wheat. In return labourers were required to continue to work. The scheme involved topping up the wages paid by the individual farm owners (Polanyi 1945).

The scheme was subsequently criticised by workers organisations because they saw that the minimum assistance had the capacity to become the going wage and that it was a subsidy to employers (Polanyi 1945 pp. 99-107). Some trade unionists to this day oppose income guarantee schemes on similar bases seeing Speenhamland type income guarantees as Capital's method of

lowering wages or as a form of 'work for the dole' both of which they see as undermining the dignity of paid labour.

### **There has been a parallel debate**

Some observers draw different conclusions from the Speenhamland experience. They find a kernel of trust in others, a way to get the productive needs of society met by using the available labour and providing a floor below which no one would fall.

In 1848 Karl Marx and Friedrich Engels wrote *The Communist Manifesto* which heralded a system where the basis of production and distribution would be 'from each according to ability and to each according to need'. Though such a system has not been implemented in any country, the promise of the *Manifesto* has presented a challenge to all other systems of income distribution since that time. Bismarck's reforms were measured against the *Manifesto*.

In Britain the earliest fully elaborated (book length) Basic Income proposal was put forward by Dennis Milner (1920, Van Trier 1995). After a brief flurry of activity between 1918 and 1922, his contribution disappeared from income support policy debates for over half a century. The British Liberal economist Lady Rhys-Williams, in 1943, set out a plan to introduce a guaranteed minimum income. In her book entitled *Something to look forward to* Lady Rhys-Williams' aim was to provide an income floor without interfering with earnings. The economic fundamentalist writer Milton Friedman claims he developed his ideas on his form of income guarantee (the Negative Income Tax) during that year but it took him a further 18 years to publish his ideas. In 1975 Professor Ronald Henderson in the Main Report of the Poverty Inquiry, borrowing heavily on Lady Rhys-Williams' ideas, advocated a Guaranteed Minimum Income for Australia.

Since that time many different forms of income guarantees have been promoted around the world. The major point of difference is the degree to which authors wish their income guarantee to ape the welfare income support system with its various categories of payment and means test or instead argue that income support should take the form of a truly universal payment to all as a right of citizenship.

### **Modern Basic Income proposals**

Amongst proponents of generalised income guarantee there are divisions between supporters of Negative Income Tax (NIT), Guaranteed Minimum Income (GMI), and Basic Income. The structural differences of each system were described in Chapter 9. The major difference between each of these income guarantees (*in their pure form*) and categorical income support payments is that generalised income guarantee eligibility does not necessitate any social requirements. However, many of the generalised income guarantee programs which have been promoted since 1943 have added social requirements, such as the willingness to work.

The major difference between GMI or NIT and Basic Income forms is that the first two are *selective* and Basic Income is *universal*. Proponents of NIT and GMI argue that it would cost the State less to introduce their models compared with a Basic Income. It is true that government outlays would be lower under NIT and GMI; but the actual drain on the budget bottom line of an



unconditional Basic Income (because of increased tax compliance and ease of administration) might not be much greater than with other forms of income guarantees (Van Parijs 2000 pp. 8-9).

Dennis Milner (1920) set out to create a comprehensive program which would include everyone. He envisaged, in his proposal, everyone - irrespective of circumstances - being guaranteed an income as a right of citizenship (Van Trier 1995). Milton Friedman, when he advocated NIT, wanted to ensure that any income transfers went *only to the poor*. Lady Rhys Williams wanted to *ensure no poor person missed out*. Since then the majority of NIT and GMI advocates have wanted to direct the most assistance to those most in need. The arguments about selectivity covered in Chapters 2, 3 & 8 relating to categorical benefits have equal application to selective generalised income support programs.

There are many forms of generalised income guarantee schemes installed in Europe and there are plans afoot in several countries to move in the direction of a Basic Income (Van Parijs 2000). The actual model of Basic Income implemented in any country will depend on what other social wage components are retained and the capacity of that country to afford it. Van Parijs (2000) outlines many options a government might employ to reshape its tax and social welfare infrastructure as part of the Basic Income implementation process.

Until 4 years ago I believed that it would be more politically feasible to introduce a GMI than a Basic Income partly because the perceived cost of such schemes would be lower than for a Basic Income and Don Grimes (a progressive minister in the Hawke Cabinet) informed me that he and many of his colleagues were opposed to providing a guarantee of income support 'to millionaires'. The other reason for supporting a GMI over a Basic Income is that the money is seen to be directed towards those living on low incomes.

Over the last few years:

- the increasingly targeted income support system,
- the increasing marginalisation of young people,
- the imposition of 'mutual obligation',
- the hegemony of economic fundamentalism,
- the income redistribution upwards via tax, education and health systems,
- the exponential growth of the 'what's in it for me' mentality,
- the widespread working class acceptance of incessant calls for lower taxes, and
- the rise of a form of wedge politics designed to denigrate migrants, lone parents, those with a disability and Indigenous people whilst generating an 'envy' for the poverty line income they receive

has led me to revisit Goodin & Le Grand's (1987) suggestion that if the rich do not benefit then the system will be under constant challenge.

The desire to assist those in greatest financial need to the greatest extent conflicts with the desire to treat people equally. The rationalisation that equality is a less important goal than equity explains the basis for promoting selectivity. The realisation that to treat unequals equally is as unjust as treating equals unequally supports the imposition of selectivity. On the other hand Boston & St John (1998 pp. 100-101) assert that if all are assisted equally then poorer people gain more because a dollar is worth more to them than to the rich. Claus Offe (1992), echoing

Goodin & Le Grand (1987) describes the universal basic income as 'economically' inefficient because it delivers benefits to all when only some need the assistance but is 'politically' efficient because "spreading entitlement to benefits to 'all' is the inescapable political precondition that must first be met in order to make the arrangement popular with the middle class (pp. 72-73)". The other problem with arguments to equity is that people differ from each other in what they consider fair. A further confounding feature, if Goodin & Le Grand (1987) are correct, is that poor people will experience greater security of income support if the affluent are included; and because everyone benefits this may lead to increased public support for raising income guarantee levels. That is, more money may go to the poor because more money is going to the rich.

Andre Gorz (1985 ch. 4) proposed a form of guaranteed income dependent upon a minimum contribution of 20,000 hours of labour over a life time. Since then the likelihood of increasing "insecurity of employment for all (Gorz 1999 p. 56)" led him to reject this guaranteed minimum income form and opt for a full unconditional Basic Income (pp.86-87). He specifically rules out any compulsion to contribute by 'volunteer effort' to society, as the various 'mutual obligation' regimes demand (1999 pp. 86-90). Gorz sees the purpose of the provision of a Basic Income "not to exempt people from doing anything at all, but to open up possibilities for everyone to engage in a whole host of individual or collective, private or public activities which no longer need to be profitable in order to flourish (1999 p. 100)".

An Australian supporter of Basic Income (McDonald 1995 ch. 10) is critical of Henderson style GMI because of its categorical nature and its welfare style attempt to help those in need. McDonald sees the social welfare approach to income guarantees as attempting to assist those 'most in need' whereas a Basic Income has the capacity to 'prevent need'. McDonald is critical of the social welfare approach to income guarantees because they result in high Effective Marginal Tax Rates due to combined income guarantee withdrawal and income tax rates (pp. 71-77). He believes that for those in work the money derived from a Basic Income will replace some of the income workers obtain from employment (p.72).

As mentioned earlier some trade unionists oppose universal income proposals on just such grounds. Reviewing the Canadian Macdonald Commission's advocacy of a partial Basic Income set at a very low level, Lerner, Clark & Needham (1999 pp. 22-23, 31-33) saw that the Macdonald Commission plan had the capacity to "promote a race to the bottom in terms of wages and workplace standards as people in below-subsistence poverty competed fiercely for diminishing hours of paid work". This is why they argue for a full Basic Income. As Standing (1999 p. 104) asserts "Having the assurance of basic income security would actually enable workers to say no with greater ease when confronted with sub-subsistence wages". For the overwhelming majority of workers the question is not whether the provision of universal income guarantees lowers the amount received as a result of employment or not, nor is it whether there will have to be higher income tax rates needed to raise government revenues to pay the guarantee. The real question is: will workers at the end of each fortnight receive in their hands *from all income sources* - more, about the same or less than they do under the existing system?

Work done by Rankin (1997, 1998) in New Zealand, suggests that a universal income (with a 39% income tax rate plus the retention of much of the existing social security system) is affordable. Such an income guarantee would ensure that no pensioner or beneficiary would

experience any cut in income. It would also mean that low income and no-income workers cash in hand situation would be improved following the introduction of his universal income compared with the present. Rankin envisages such a universal system as laying the foundations for a more generous income guarantee over time. In a recent letter Keith Rankin wrote "In particular, what matters is that the universal payment should be seen as income deriving from collectively owned property and not being a redistributive handout".

Saunders (1995) suggests that it would be necessary to set the income tax rate at 50% if the intention was to introduce a full Basic Income in Australia. This may well be the case, but because of the payment of the income guarantee to all, if the amount paid as an income guarantee is deducted from the amount of income tax paid then the effective tax rates on earned income for the majority of full time workers would be roughly the same as they are now. Presently in Australia, once a beneficiary has exceeded the 'income free limit' the minimum combined tax and social security withdrawal rate is 60% and can be as high as 200%. The highest income tax rate applying to those earning over \$60,000 is 47%. The majority of full time workers seem oblivious to the fact that such high effective marginal withdrawal rates apply to social security beneficiaries.

The rate of income tax necessary to fund a Basic Income will substantially depend on the level of other taxes. The rate and composition of the entire tax structure; for instance, consumption taxes (GST, VAT or wholesale sales taxes), customs and excise taxes, the presence or absence of wealth and death taxes will influence the required level of income tax. Alaska, for instance, provides a partial Basic Income funded entirely from a resource tax on oil extraction (Van Parijs 2000 p.4).

Throughout the workforce there is a growing fear of unemployment and a recognition that the prevalence of part-time, insecure and casual employment is increasing. This has yet to translate into a realisation that a Basic Income has the capacity to ensure *everyone* a secure income. If Gorz (1999) is correct and insecure employment is 'coming soon to a work place near you' then the installation of a Basic Income (paid at least at a level which has the capacity to sustain individuals and families in modest dignity) would be a good insurance policy. A universal Basic Income will at a minimum prevent the marginalisation, denigration and alienation to which many governments subject unemployed people. A Basic Income would raise the income of many social services beneficiaries, part-time and casual workers and would simultaneously raise income tax compliance because the taxation department would integrate collection of tax and payment of the guarantee.

### **Efficiency of income guarantees**

Categorical benefits, by their very nature, set out to privilege certain categories of people. These categories may indeed be composed of very 'needy' people, but there is no guarantee they are the *only* 'needy' people yet the categorical system of income support assumes that the *correct targets have been set and will be met*. Goodin (1992) concedes that in a perfect world a welfare system might be able to identify and pay all the poor and only the poor. But the State is often employing surrogate measures and is basing its presumptions about 'need' on sociological 'facts' which are "uncertain, highly variable and, in any case constantly changing (p. 210)". Because of this

Goodin (1992) asserts that an efficient income support system is dependent upon avoiding such presumptions about human behaviour through the provision of an unconditional universal payment.

This point is reinforced by Perry (1995 p. 26), an Australian Department of Social Security researcher, who writes:

If the overall purpose is to provide for those who cannot, or are not expected to, participate in the labour force and for the unemployed who are looking for work, there are a number of gaps and inconsistencies... While from the perspective of each payment type certain exclusions seem reasonable, looking at the overall list of those with incomes below the social security cut-out points who are not eligible for payment, there does not seem to be any obvious *principle* distinguishing who is covered and who is not [italics in original].

Elsewhere in this text, Perry points to situations where one individual may have eligibility for one of six different types of benefit with differing conditions, means and asset tests applying (p. 23). The Australian *Social Security Act* and associated regulations run to around 1,500 pages each (p. 21). She concludes the Australian system of income support is complex, applies inappropriate assumptions, has too many gaps in provision, is insensitive to changing circumstances of recipients and subjects people in like circumstances to different treatment (p. 51). All of these features of the categorical system are the antithesis of efficiency.

When Goodin, Headey, Muffels & Dirven (1999) tackled the question of efficiency of the generous Dutch income support system and its minimalist United States counterpart they found considerable inefficiencies in the far less redistributive American system. Michael Murray (1997), an American supporter of the GMI, criticises the United States income support system for being:

- inefficient as an alleviator of poverty (pp.166-168),
- inefficient to administer because of its compelled activity and other stigma generating policies (ch. 4, p. 194), and
- inefficient because of its complexity (ch. 2, 6).

He considered the United States system of income support so inefficient at ensuring that *all* poor people received benefits, that when he proposed his suggested form of GMI, he wanted every citizen included except those who applied not to be part of the system (p.158).

Perhaps the most telling argument in favour of the efficiency of a Basic Income is that it provides all with a known minimum level of income which is paid irrespective of any other income source, making any other social policy much easier to implement. For example, if a government increases housing subsidies to make rental accommodation more affordable to social security recipients this can have differential impacts depending on whether the recipient is a pensioner or beneficiary. A further example is provided by Watts (1995[b]) who considers Basic Income a fundamental basis of citizenship, which "can underwrite both the freedom to choose...social transformations [like regendering of work] and can underpin further transformations [like redistributing wage work and shifting to an ecologically sustainable economy] (p. 26)".

The economic fundamentalist preoccupation with efficient work places, designed to cope with the emerging globalisation, has led employers to downsize, contract out, expand the number of part-time jobs, attempt to deregulate industrial conditions, casualise the workforce, and increasingly use job hire firms. Each of these approaches has impacted on the sense of security of workers by expanding the extent of precarious employment. This in turn has meant that workers and their unions are often more inclined to resist change in the work place than would be the case were an unconditional Basic Income in existence. The reason is simple; at present, the choice for many retrenched workers is between employment and a stigmatised categorical income support system for which they might not qualify. A Basic Income ensures an income floor which provides retrenched workers with the income base from which to move on to other jobs (Van Parijs 1992[b] p.7). That is, the *absence* of a Basic Income creates an inefficiency in any economy subjected to increasing levels of technological change. It seems an absurd proposition for economic fundamentalists and conservative governments to claim that the mode of production has to be deregulated for the sake of 'efficiency' but that the system of welfare redistribution should be increasingly regulated.

The 'less eligibility' argument, mounted by conservatives from the days of the Elizabethan poor law, suggests that unless welfare benefits are paid at a lower rate than would be obtained from paid jobs then work disincentives will occur. Such thinking continues to dominate policy debates in Australia, New Zealand, Britain, Canada and the United States. This, when coupled with the economic fundamentalist mind set (which suggests that minimum wage legislation makes it increasingly difficult for employers to afford to provide jobs for the least skilled) has two impacts; minimum wages are kept low and so subsequently are benefit levels. "In effect, those at the lower end are being asked to fund jobs growth through wage reductions with rising inequality as a key outcome (Bell 2000 p. 253)".

Van Parijs (1992[c] p.229) claims that because a Basic Income is paid, irrespective of all other sources of income, it can be used by those who desire work as a wage subsidy; yet, because it provides sufficient income on which to live, it does not compel any potential worker to work under conditions which that worker finds unacceptable. He concludes that "Whereas a rising means-tested benefit makes it increasingly difficult for unskilled people to find a job, a rising basic income makes it increasingly feasible (Van Parijs 1992[c] p.229)".

With the qualification that there may be some jobs offered in any country which are so unsafe and poorly remunerated that no one in their right mind would take them- forcing people to take such jobs by threatening the removal of benefits is unconscionable. If the intention of those who promote categorical benefits which demand work readiness is to force workers to take all available jobs then this aim might be more efficiently achieved through a Basic Income than by the enforcement of 'less eligibility'. The inordinate invasion of privacy in the lives of applicants for unemployment benefits, the imposition of 'mutual obligation' and other stigmatising practices all have to be paid for by governments out of permanent residents' taxes. If the aim is to ensure that all job vacancies are filled, the provision of an unconditional Basic Income has the capacity to do that without compulsion. This would be both just and efficient.

World wide the major problem facing advanced economies is too many workers chasing too few jobs (Rifkin 1994, Omerod 1994, Gorz 1999, Boreham, Dow & Leet 1999, Stilwell 2000). Stigmatised, selective, targeted, categorical welfare payments coupled with 'mutual obligation' and other compelled activity scenarios are tackling *a problem* - the trouble is that they are tackling the *wrong problem*. A Basic Income, because it provides a known financial advantage for every extra dollar earned, abolishes both poverty traps and work disincentives (Lerner, Clark & Needham 1999 pp. 20-21). Gorz (1999 p.85) claims "The *universal, unconditional* grant of a basic income is, therefore...the best instrument for redistributing both paid work and unpaid activities as widely as possible [*italics in original*]."

The fear that generous categorical payments create work disincentives because the financial margin between working and living on benefits is not sufficient to make people want to work derives out of the *public choice* perception of human behaviour. It ignores the entire sociology of work research and assumes that the poor have to be compelled if they are to be productive. Most beneficiaries have only the vaguest idea of how the tax and social security combined withdrawal rates operate. Most categorical combined tax/benefit withdrawal rates are so high that they create for many a financial disincentive to part-time work which leads in turn to governments compelling people to take part-time work on threat of loss of all benefits. This is a very inefficient way to construct social policy. With a Basic Income there is always a financial incentive to work- the withdrawal rate is the tax rate - and is, as a result, known and easily calculated.

Attempting to ascertain the degree of impairment experienced by an individual applicant and then paying those applicants who can establish they have met some predetermined 'level of incapacity to work' is very costly and an extraordinarily inefficient method of providing income support to those with a disability. People with equivalent levels of impairments often have widely different employment histories (Perry 1995 p.29). It would be more efficient to provide a universal income guarantee if the desire is to encourage productivity / contribution / inclusion by those who have a disability. Australian governments have recognised this in relation to Blind Pensioners (Jordan 1984, Kewley 1973) but continue to subject others who have severe disabilities to stigmatised, selective, targeted, categorical payments.

Robert Goodin (1992 pp.196-197) points out that attempting to determine work capacity by measuring levels of impairment and the adoption of any other unit of payment than the individual creates target inefficiencies because such tests of eligibility are 'surrogate measures' - they do not test the things they purport to measure directly.

If income support is paid using the family as the unit of income then many people will not receive an income guarantee. It was shown in Chapter 9 that the assumption that if one member of a family is provided with sufficient income to support the entire family unit then this money will be distributed in an equitable manner is a flawed assumption. Therefore, if a government is interested in increasing the target efficiency of any form of income support (ensuring that those whom the benefit is designed to assist are assisted) then this can only be done by paying the benefit directly to the individual who is the intended beneficiary. This is why supporters of Basic Income insist that each individual should receive the guarantee in their own right. Persevering

with the family as the unit of income simply creates target inefficiencies (Goodin 1992 pp.196-207).

Much of the argument in this Chapter about the efficiency of a Basic Income has concentrated on the supply of benefits, in the least stigmatising fashion, to *all* who need them. A Basic Income regime does away with the need for the entire government income support surveillance apparatus, creating savings to government expenditure. Exponents of a secure equitable income support system would therefore regard a Basic Income as politically efficient.

But there are wider efficiency arguments which can and should be mounted in support of an unconditional Basic Income.

- A Basic Income requires the least interference in the lives of citizens.
- It supplies all permanent residents with equal assistance.
- It is the most inclusive form of income support payment and the most secure, thus enhancing citizenship.
- It provides sufficient income to allow the possibility that people will explore their creative capacity.
- It removes many of the obstacles to a reinvigoration of the industrial, technical and computing infrastructure.
- It allows the State a fuller understanding of the impact of its other social wage policies.

However, a Basic Income is just that - an unconditional universal income guarantee. It delivers an income floor without interfering with productivity. It is a vast improvement on categorical selective social services. It is an advance on all social insurance and private provision schemes which invariably result in the 'individualisation of risk' (Lerner, Clark & Needham 1999 p. 11) and as a result create a 'do it yourself welfare state' (Klein & Millar cited in Page 1998 p.307).

A Basic Income is not a utopian panacea - it will not abolish all social difficulties. But, it will allow the State to construct its other social welfare, health, education, disability, ethnic and community service policies on a firm and known foundation. It is a far cry from the *Communist Manifesto's* promise to create a society based on the principle: 'from each according to ability to each according to need'. In this regard it may not be the best income support policy, in any absolute sense, just the best income support policy capable of being implemented in the early 21<sup>st</sup> century.

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