How dare we? John Tomlinson

Australia has experienced almost continuous economic growth throughout the three terms of the Howard Government, yet it has only succeeded in decreasing the officially recognised unemployment level by two percentage points. This Government continues to rely on growth in order to lower the levels of unemployment. It has also attempted to decrease the level of unemployment by imposing labour market flexibility and watering down unfair dismissal legislation. This paper will compare the Howard Government’s attempts to lower levels of unemployment with an alternative strategy; namely the government becoming an employer of last resort in association with the provision of a Universal Basic Income.

The Howard Government understands that the unemployment problem is the level of political odium that a government attracts when it is incapable of finding work for those who are skilled, able and willing to work.

The main tactic, which this Government has utilised in ‘solving’ the unemployment problem, is to attack the social reputation of unemployed people. This paper considers the ethical justifications provided by the Howard Government for the manner in which it handles the unemployment problem.

The widespread public acceptance of / or indifference to the increasing restriction on eligibility for social security payments, dramatically expanded surveillance, breaching and the imposition of compelled obligations on unemployed people demonstrate that the Government has been successful in attacking the unemployment problem. Though it has had far less success in lowering the level of unemployment.

Where are we now

When the Keating Labor Government lost office in 1996 officially recognised unemployment rate stood at 8.6%. By March 2002, that rate had only declined to 6.6%. Throughout most of the period of the Howard Government unemployment has hovered around 7.0% and in some states and Territories unemployment has remained over 8%. Estimates of ‘real’ unemployment levels, if underemployed and discouraged unemployed people are taken into account, are in the region of 20%. In most of Indigenous Australia, if the Community Development Employment Program (CDEP) is properly recognised as a form of ‘work for the dole’, rather than employment, the ‘real’ unemployment levels are in the order of 50 –80% (HREOC 2002 Ch.2, ATSIC News 2001 pp.1-31).

Many alternatives, to the present Government’s approach towards unemployment, have been presented during the last decade in Australia: Langmore and Quiggan’s (1994) Work for All, the Keating Labor Government’s 1994 Working Nation, Boreham, Dow and Leet’s (1999) Room to Manoeuvre, Stilwell’s (2000) Changing Track, at this and at all previous eight National Conferences on Unemployment. Yet in spite of overwhelming evidence to the contrary (Omerod’s The Death of Economics 1994, Kelsey’s 1995 The New Zealand Experiment, Goodin, Headey, Muffels and Dirven’s The Real worlds of Welfare Capitalism 1999, Jamrozik’s Social policy in the Post Welfare State 2001, Hutton’s The World We’re In 2002) the present Government
perseveres with the economic fundamentalist line that growth (coupled with berating the unemployed for failing to find non-existant work) will abolish unemployment.

The conservative agenda

Perhaps the first thing to ask is how did we get to this sorry state? Australia has never been wealthier yet we are refusing social security to more poor people than ever before. This refusal to pay benefits is achieved by breaching (ACOSS 2001, 2002), imposing unconscionable ‘mutual obligations’ (Goodin 2001, Hammer 2002, Kinnear 2000, Schooneveldt 2002, Tomlinson 2001[a], 2002), extended family means tests and by further tightening eligibility requirements. The short answer is that we swallowed the economic fundamentalist prescription hook, line and sinker. Whether one endorses Susan George’s (1997) explanation of the reasons for the rise of economic fundamentalism or prefer a less conspiratorial account (Hutton 2002), it is clear that (within the Australian social welfare system) there has been a major ideological shift from a social democratic noblesse oblige to a compelled conservative compact.

The present Prime Minister has never attempted to disguise his social conservatism. In May 1999 and January 2000 Howard spelt out his prescription for Australia’s unemployed. Minister Newman (1999) elaborated the Government’s position in her paper entitled The Challenge of Welfare Dependency in the 21st Century, which was issued to guide to the McClure Committee’s deliberations.

The McClure Report (2000) obsequiously recommended that not only were unemployed people be compelled to participate but that single parents and people receiving Disability Support Pensions should also be compelled to “participate”. The 2002/3 Budget foreshadowed transferring 180,000 Disability Support Pensioners, who worked 15 or more hours a week, to an unemployment benefit paid at $52 a fortnight less than the pension. This is allegedly being done as a way of helping them back into employment. Such a claim flies in the face of the fact that there have been no net full time jobs created in Australia in recent years (ABC 2002, Gregory 2000) and that anyone, who has a significant impairment, is making a substantial contribution to society and the economy by managing to work the equivalent of 2 full days each week. The Budget proposal blithely ignores the fact that income received by pensioners is more generously means tested than that received by unemployment beneficiaries. Introducing such a change would decrease the financial incentives for people receiving Disability Support Pensions to maximise their hours of work. The extra “mutual obligations”, reporting responsibilities and the present breaching regime imposed on unemployment beneficiaries would invariably lead to many of these 180,000 Disability Support Pensioners experiencing increased income insecurity.

The Howard Government’s justification

The Government rationalises its reliance on growth in a number of ways:

- The prime rationalisation provided for relying on growth rather than job creation is that “good economic policy is good welfare policy” Newman (1999 p.2).
- Another is the suggestion that the Howard Government has set out to pay ‘the needy not the greedy’ (contra Goodin 2001, Tomlinson 2001[b]).
It is frequently suggested that there are plenty of jobs it is just that people are too fussy Abbot’s “job snobs”.

That too many people are in fact working and claiming benefits illegally and that is why there has to be more onerous testing, ‘mutual obligation’, increasing surveillance, ‘work for dole’ and breaching - “Compliance is a strong motivator and it also flushes out dole cheats (Brough 2001 [a] p.2).”

Then there is Abbot’s ‘tough love’ suggesting that the government knows what is in people’s best interests even if they don’t – so government should force them to do it. Howard’s compulsory literacy and numeracy program is one example. ‘Work for the dole’ is another – which allegedly gets people job ready, in case a vacancy should occur.

My favourite rationalisation is that breaching is necessary, not only to force compliance and to assist people retain job readiness, but that it will assist them to avoid being breached in the future (contra Schooneveldt 2002 Chs.5 and 6). I hope the Howard Government does not decide to apply the same logic to hanging.

My second favourite rationalisation is that by increasing compliance, tightly targeting benefit eligibility, and being ready to impose harsh penalties on unemployed people will increase public support for paying ‘real’ unemployed people. The last Labor Government also suffered a similar delusion (Edwards 2001, Chs. 3 and 5). Public attitudes towards unemployed people have hardened since 1987 when Brian Howe began talking about unemployed people becoming ‘welfare dependent’.

**Some of the ethical problems which the Howard Government ignores**

At last year’s Conference I set out the main ethical distinctions between universal and utilitarian concepts of rights (Tomlinson 2002). O’Connor (2001) has described some of the origins of the concept of ‘welfare dependency’ as interpreted by the present Australian Government. Kinnear (2000) and Hammer’s (2002) work has substantially added to the debate. But it would be to Robert Goodin (2001) I would turn to for the most sustained articulate analysis of the failure of ‘mutual obligation’ and increasingly targeted income support to achieve justice for the least affluent Australians.

Goodin points to the propensity of governments to assert an implied consent, for changes in income policy between welfare recipients and the State, through the widespread use of the language of the social contract. He conjures the image of a highwayman declaring that even if one had parted with one’s money in return for one’s life no court would enforce such a contract. He goes on:

The proposition that the welfare worker is putting to her putative ‘client’ is: ‘Agree or starve.’ That is the same, in all essentials, to the proposition the highwayman puts to his victim: ‘Agree or die.’(p.191).

Just as we still have an obligation to feed people even after they have committed heinous crimes so too we have an obligation to not let people starve even if they have committed mortal sins against the labour market…Welfare recipients have not agreed to those new arrangements at the macro-level; and such consent as they give at the micro-level, in ‘agreements’ negotiated under effective duress with welfare caseworkers, has no moral standing (p.195).
If we seriously believed that work is good for you and that it is the state’s legitimate role to force you to do it, then we would have no grounds for confining our paternalism to the poor. Paternalistically speaking, it would be equally important to make the rich work too (p.198).

The intellectual context

There has been a concerted effort at least since Daniel Bell’s (1965) *The End of Ideology* to present the argument that the socialist challenge has failed and the West prevailed (Fukuyama 1992). Some would date this effort as commencing with Hayek’s (1944) *The Road to Serfdom*. The backers of the rise of economic fundamentalism have clearly played a part in this quite successful attempt at mystification (Hutton 2002, George 1997), as have many of the ‘public choice’ theorists (Stretton and Orchard 1994). In addition, post modernism - particularly with its end of grand narrative and moral relativity - has played a part in creating an intellectual climate in which defence of left analyses is presented as quaintly old fashioned (Windschuttle 1994). In such a climate, Blair’s ‘third way’ and Latham’s (1998, 2001) social entrepreneurs attract adherents. In Australia, this has led to a conflation of the concept of social entrepreneurship with Howard’s ideas (1999, 2000) about ‘mutual obligation’ in the writings of Pearson (1999). With rare exceptions such as Cook, Dodd and Mitchell (2001) critique this conflation is unthinkingly applauded.

The connection with rights

Running in parallel with economic fundamentalists’ obsessive denigration of socialism, altruism, humanism and any form of Freirian (1972) liberation has been a conservative attack on welfare provision and human rights. An early articulation of this position was provided by Culpitt (1992, Ch. 1). Howard (1999), in his round table address, clearly sets out his amalgam of economic liberal and social conservatism. The fervour with which human rights and universal welfare provision are attacked by the right wing ‘dependency’ ideologues is only matched by almost religious attachment to market ‘liberty’. They have to some extent succeeded in convincing many that the market should be the ultimate determiner of fairness, social justice and good taste (Pusey1991, Rees, Rodley & Stilwell 1993, Stilwell 2000). There is remarkably little recognition of the central contradiction in relation to ‘liberty’ inherent in economic fundamentalism. That is – the increased liberty (enabling the rich to pursue their market desires) denies, weakens or ignores the social and economic liberties of poor people.

The social context

It would count for naught if the struggle only impacted at a conceptual level – it doesn’t. It has long been acknowledged that low income, unemployment, and the associated stress have adverse social stability and health outcomes (Turrell 2001, Freyer and Broom 2001, Watts 1997, Patton and Donohue 1997, Dury, Creed and Winefield 1997). The imposition of ‘mutual obligation’ coupled with a harsh breaching regime has intensified the pressures upon unemployed people. It has dramatically increased the likelihood of homelessness and social dislocation (ACOSS 2002, Schooneveldt 2002). Evidence is emerging which establishes that having one’s
social security reduced or removed creates increased health difficulties for the children of beneficiaries who are breached (Cook et al. 2002).

American style globalisation, ‘free trade’ rather than fair trade, privatisation of public assets, business deregulation, labour market flexibility, enforced self-provision, ‘mutual obligation’ and lowered taxes all impact adversely on workers and unemployed people. It has lead to grossly unequal outcomes between rich and poor nations and to increasing inequality between rich and poor people within all of the English speaking developed countries (Hutton 2002). In Australia and elsewhere, this has led to increasing income insecurity for those relegated to the fringes of the labour market and precarious employment for about 30 percent of workers (Stilwell 2000, Jamrozik 2001, Tomlinson 2001[b] Ch. 4). As Castles (2001 p.31) notes:

From the time of the Hawke Labor government onwards, the situation of welfare beneficiaries has been changing for the worst. There has been increasingly more policing of benefit eligibility, with the strongest element of forced compliance an unemployment work test which has become increasingly onerous to fulfil. Under the Howard government, the conditions of this test have become extremely strict, with an increasingly explicit moral justification that recipients must return something to society in return for their benefit.


Such denigrators of poor people ignore the reality that in Australia:
The welfare dependency explanation for the persistent unemployment since 1975 fails when confronted with the evidence. With the Unemployment to Vacancy (UV) ratio averaging around 11 since that time, it is a fallacy of composition to consider that the difference between getting a job and being unemployed is a matter of individual endeavour. Adopting welfare dependency as a lifestyle is different to an individual, who is powerless in the face of systemic failure, seeking income support as a right of citizenry (Cook, Dodd and Mitchell 2001 p.24).

Using long-term panel studies, Goodin, Headey, Muffels and Dirven (1999 pp.260-261) have demonstrated that the overwhelming number of poor people, in Germany, Netherlands and the US do not remain poor indefinitely and that the Dutch welfare system which is the most generous of the three is:

- best at minimizing inequality,
- better at reducing poverty,
- equal with Germany in promoting stability,
- best at promoting autonomy, and

“…the Netherlands-managed to sustain economic growth at a rate certainly on par with (and in ways higher than) the other countries”.

The lesson which Australians should take from this study is one that we once knew – but, since 1986, have forgotten. That is that Australia can have a generous welfare
system, social stability, humanitarian inclusion and economic efficiency simultaneously.

Governments in Australia since 1975 have relied mainly on growth strategies to create jobs and such a strategy has not created sufficient work for all who want it. As Cook, Dodd and Mitchell (2001 p.1) succinctly state “The pro-market agenda has failed to restore full employment.” In the face of 27 years of governments’ abject failure to create full employment, the Howard Government has a choice. It could:

- adopt policies such as becoming an employer of last resort, as in Sweden,
- legislate to reduce working hours, as in France,
- introduce a universal basic income, as is being considered in several parts of the world (BIEN website), or

it can persevere with its present strategy of continuing to denigrate unemployed people - thereby hoping to defuse the electoral problem which high levels of unemployment creates.

**There are alternatives**

Governments, most famously that of Maggie Thatcher, would like the public to believe in ‘TINA’, that is, there is no alternative to the one which the government is presenting. On the contrary there are sensible, practical and affordable alternatives to the Howard Government’s compelled conservative compact which imposed on some of Australia’s poorest citizens an estimated 349,000 breaches in 2000/2001(ACOSS 2001, Schooneveldt 2002).

I have spent the last 40 years railing against the prevalence in social security policy of noblesse oblige because of its elitism, moral judgementality and the arbitrary nature of decision-making. Yet I would now happily return to such policies in preference to the present ruthless disregard being shown for the well-being and even the survival of many of Australia’s most vulnerable citizens. “Aristocracy contained the notion of noblesse oblige – literally, ‘nobility obliges’ …their privilege (is) subject to their recognition of their obligations to the social whole (Hutton 2002 p.69)”. Howard (2000) has inverted the notion that the affluent are obliged to assist by asserting that ‘mutual obligation’ means that if people without access to income are assisted they are obligated to give something back to the Government. Kinnear (2000 p.23) declares:

The policy of Mutual Obligation is a distortion and a reversal of the basic values of reciprocity. It could also be argued that the call of those in a position of advantage for those less advantaged to nevertheless make social repayments under threat of the withdrawal of their only means of support is itself evidence of the moral crisis of ‘taking without giving’.

On any one-day there are thousands of Australians enduring reductions in or total cancellations of social security payments because of some minor breach of conditions - such as being late for a Centrelink interview.

It is clear that Australia has become a less equal society since the 1970s and moved closer to the US work/welfare arrangements (Watts 2001). More and more Australians are engaged in precarious, part-time, casual, low paid employment (Boreham, Dow and Leet, 1999,Jamrozik 2001, Stilwell 2000, Watts 1997). Howard has promoted the
concept of our becoming a nation of shareholders in line with the US. We would be wise to note Hutton’s (2002) research into that share owning society: 64 per cent of American households own less than $5,000 worth of shares (p.124). [The] richest 1 percent of the population holds 38 percent of its wealth (p.149). [Increasingly many are working long hours in low paid jobs] - Americans, in short have created a treadmill for themselves and hailed it as an economic miracle (p.169).

If Australia is able to escape from the untrusting, socially divisive, anti-Indigenous, lock-up the refugees, xenophobic, increasingly constrained, downwardly envious and anti-welfare mentality which has descended upon us like a mist since 1996, we might be able to give serious consideration to constructing a liberating, inclusive, humanitarian and just social policy agenda.

There are far more exciting alternatives to the present Government’s policies than a return to noblesse oblige; namely the introduction of a universal Basic Income for all permanent residents of this country (Tomlinson 2001[b]). Ideally such an incomes policy would operate in association with a commitment to:

- full employment,
- creating a less unequal society, and
- fairer health, education and community services.

I have written extensively about Basic Income (Tomlinson 2001[b]), as have many others (BIEN and NZUBI websites) surprisingly many consider the concept recent and radical. On the contrary, the first English full-length book devoted to entirely to State provided universal income guarantees was published in England in 1920. Dennis Milner wrote it. Whilst the idea is essentially about provision of an above poverty line universal payment to all permanent residents runs counter to prevailing Government views, there is nothing radical about the idea. President Nixon and the conservative economist, Milton Friedman, promoted compatible ideas in the1970s, as did the Liberal economist Lady Rhys-Williams in 1943 (Tomlinson 2001[b] Ch. 9).

**Conclusion**

The introduction of a universal Basic Income would not abolish unemployment it would simply provide a sound social and economic basis from which to develop full employment. It would however forever abolish the moral aberration of ‘mutual obligation’ because people could no longer be compelled to do anything in return for the payment of the social security pittance. Their entitlement to at least poverty line income would be a right of their citizenship.

Van Parijs (1992 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  p.229)".
At last year’s Conference Martin Watts (2001[b]) considered both the job guarantee and Basic Income proposals concluding the job guarantee superior on the grounds that “It is a collectivist solution in that the government assumes direct responsibility for employment and income generation (p.27)”. A job guarantee for all who wanted work might in the short term require a shortening of the working week. Though the introduction of a 35 hour week in France did not create as many new jobs had been predicted it did create over 200,000 and it did not result the economic downturn the economic fundamentalists predicted (Flutter 2001, Lichfield 2001).

My view is that a universal Basic Income paid at above poverty line levels would ensure every individual, irrespective of her or his connection with the labour market, sufficient income on which to survive. A Basic Income provides income security for all - those who can work and those who can’t. I consider that once such an income base was in place that even a government as ego centred and anti-altruistic as the Howard Government would recognise the advantage of doing all in its power to involve all without employment in the labour market in order to boost production. In some ways this is a chicken and egg debate. I would argue that Australians need a universal basic income, full employment and improved health, education and community services. Because when you compare Australia with other OECD countries we find that Australia concurrently is among “the countries least supportive of the welfare needs of their citizens. If the burden of the welfare state is a factor in unemployment, it is a very limited burden indeed in the Australian context (Boreham, Dow and Leet’s 1999 p. 53)”.

Bibliography

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