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.

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 17th-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 cliche '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:

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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.
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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 20th 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

10
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 *verboten* 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 20th 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-renumerated 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.

Bibliography

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